FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-90-251
Monday
31 December 1990

Daily Report
East Asia

FBIS-EAS-90-251 CONTENTS *31 December 1990*

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Gorbachev To Promote Pan-Asian Summit Talks *[KYODO]* 1
Gorbachev Aide on Northern Territories Issue *[KYODO]* 1
LDP's Ozawa Seeks USSR Visit To Improve Ties *[KYODO]* 2
Nakayama on Persian Gulf Crisis, USSR Ties *[KYODO]* 2
Kaifu Offers Saddam Economic Aid for Peace *[KYODO]* 3
Cabinet Resigns En Masse Prior to Reshuffle *[KYODO]* 4
Prime Minister Kaifu Reshuffles Cabinet 29 Dec 4
    Roster of Kaifu's New Cabinet *[KYODO]* 4
    LDP Executive Lineup Unchanged *[KYODO]* 5
    'Principal' Cabinet Members Retained *[KYODO]* 5
    Kaifu Holds News Conference *[Tokyo TV]* 5
Kaifu Discusses Major Issues Facing New Cabinet *[KYODO]* 7
Kaifu Not To Name 'Scandal-Tainted' Politicians *[KYODO]* 8
Kaifu on 'New World Order' in New Year's Message *[KYODO]* 8
New Defense Agency Head on Reduced Soviet Threat *[KYODO]* 9
New Justice Minister on Minority Awareness Plans *[KYODO]* 9
Kaifu on Reappointment of Nakayama, Hashimoto *[Tokyo TV]* 9
Nakayama Retained for Foreign Policy 'Consistency' *[KYODO]* 10
Hashimoto Reappointment Linked to SII Talks *[KYODO]* 10
Prime Minister Kaifu Retains Tadamori Oshima *[KYODO]* 11
Sakamoto 'Not on Good Terms' With Kaifu *[KYODO]* 11
Opposition Parties on Cabinet Reshuffle *[Tokyo TV]* 11
    Further on Opposition Reaction *[KYODO]* 11
KYODO Summarizes 29 Dec Cabinet Reshuffle 12
    Analyzes Impact of New Lineup 13
KYODO Profiles Kaifu, Cabinet Ministers 14
    Prime Minister Toshiki Kaifu 14
    Defense Agency Chief Ikeda 14
    LDP Secretary General Ozawa 14
    Minister of Trade, Industry Nakao 15
    EPA Director General Ochi 15
    Agriculture, Forestry Minister Kondo 15
    Education Minister Inoue 15
Muto on 'Partial Opening' of Rice Market *[KYODO]* 16
Government Approves Fiscal 1991 Budget Plan *[KYODO]* 16

North Korea

KCNA Denies Rumor of Violating UN Sanctions 17
Red Cross Message Asks Return of Missing Ship *[Pyongyang Radio]* 18
Daily Says No Tae-u in 'Worst Political Crisis' *[KCNA]* 18
No Tae-u Condemned for Allowing Chon's Return *[KCNA]* 18
Choe Ho-chung Remarks on Reunification Denounced *[KCNA]* 19

Gregg's Remarks on Relations With Seoul Denounced *[KCNA]* 19
Daily Denounces U.S. Arms Reduction Plan *[KCNA]* 19
Association for Promoting Japanese Ties Formed *[KCNA]* 20
Japanese Localities Demand Normalization of Ties *[KCNA]* 20
Coverage of Kim Il-song's International Activities 20
    Kim Sends Aid to Koreans in Japan *[KCNA]* 20
    Kim Greets Malagasy Leader *[KCNA]* 20
    Kim Greets Yasir 'Arafat *[KCNA]* 21
    Kim Greets Fidel Castro *[KCNA]* 21
    Kim Sends Gift to Cuban Embassy *[KCNA]* 21
    Kim Greets Sudanese Leader *[KCNA]* 21
    Kim Greets President of Gabon *[KCNA]* 22
    Kim Greets King of Nepal *[KCNA]* 22
    Kim Greets Togolese President *[KCNA]* 22
    Kim Receives Al-Qadhdhafi Gift *[KCNA]* 22
    Kim Receives Romanian Reply *[Pyongyang Radio]* 22
    Kim Receives Ghanaian Gift *[KCNA]* 22
    Kim Greets Niger President *[KCNA]* 22
Leadership Receives New Year's Gifts From PLO *[KCNA]* 23
Kims Receive Gifts From Diplomatic Corps *[KCNA]* 23
Yang Hyong-sop Greets New Egyptian Speaker *[KCNA]* 23
WPK Committee Sends Greetings to French Party *[KCNA]* 23
Cooperation Expanding With Developing Countries *[KCNA]* 23
KCNA Reviews 31 Dec NODONG SINMUN 24
Kim Chong-il's Reply Letter to Poets Printed *[KCNA]* 25
Professor Who Defected to North Interviewed *[KCNA]* 25

South Korea

No Seeks To 'Alleviate' U.S. Misunderstanding *[THE KOREA TIMES 30 Dec]* 26
Deputy Prime Minister Yi To Visit U.S. in Feb *[THE KOREA HERALD 30 Dec]* 27
Fact-Finding Mission Team Sent to Gulf *[YONHAP]* 27
Ministry Says SOFA Negotiations To Conclude *[YONHAP]* 27
Gregg's Meeting With Three Kims Analyzed *[CHOSON ILBO 25 Dec]* 27
North Withdraws Application To Host G-77 Meeting *[YONHAP]* 28
No Foresees North Summit, PRC State Visit *[YONHAP]* 28
No Instructs Cabinet To Improve N-S Ties *[THE KOREA HERALD 29 Dec]* 28
Ministry Seeks To Expedite Panmunjom Crossings *[YONHAP]* 29
Designation of Korean Senior MAC Member Viewed *[SEOUL SINMUN 27 Dec]* 29
Former President Chon Tu-hwan Returns to Seoul *[YONHAP]* 30
President Urges 'Great Strides' in New Year *[YONHAP]* 30
YONHAP Details Outlook for 1991 31
    Outlook for Diplomacy 31
    Outlook for Trade With East Bloc 32
    Outlook for Korean Ties 33
Some Legislators Rethink Plans for 'Junkets' *[YONHAP]* 34
Bank Reports 1990 Investment, Projects in USSR *[YONHAP]* 35
Role of Yondaehoeui in Labor Movement Noted *[HANGYORE SINMUN 13 Dec]* 35
No Sets Controlling Inflation as Top Priority *[YONHAP]* 35

SOUTHEAST ASIA

Burma

Status of Assembly Representatives Annulled *[Rangoon Radio]* 37
U.S. Diplomats Meet With Minister Chit Swe *[Rangoon Radio]* 37
Diplomat in Netherlands Clarifies Drug Case *[Rangoon Radio]* 37
Joint Garment Venture Signed With ROK's Daewoo *[Rangoon Radio]* 37
Officers 'Allegedly' Take Bribes From Smugglers *[Bangkok BANGKOK POST 31 Dec]* 38

Cambodia

Political Bureau's Communique on Paris Meeting *[Phnom Penh Radio]* 38
Tie Banh Sends Message to Soviet Counterpart *[Phnom Penh Radio]* 39
SPK: Government Forces Kill 697 in Battambang 39
Ranariddh Says UN Peace Documents 'Proper' *[Radio VOK]* 39
Cambodian People 'Welcome' Paris Meeting Results *[Radio VONADK]* 40
Khieu Samphan, Son Sen Send Sihanouk Greetings *[Radio VODK]* 41
Khieu Samphan Issues New Year's Greetings *[Radio VONADK]* 41
Svay Leu District Township 'Liberated' 23 Dec *[Radio VONADK]* 43

Indonesia

Alatas Urges Peaceful Solution of Gulf Crisis *[Jakarta Radio]* 43
'Posts' Set Up To Help Workers in Saudi Arabia *[MERDEKA 20 Dec]* 43
Chinese Enter Illegally for Economic Reasons *[ANTARA]* 44
Seminar on Spratlys Planned, Disputers Invited *[ANTARA]* 44
GPK Said Responsible for Burning Schools *[MERDEKA 15 Dec]* 44
Alatas on Parliamentarians' Visit to East Timor *[ANTARA]* 44
Intelligence Chief Predicts No 'Threats' in 1991 *[ANTARA]* 45
Suharto Meets Participants in 1990 Army Seminar *[THE JAKARTA POST 20 Dec]* 46
Minister Proposes 'District Electoral System' *[BERITA BUANA 18 Dec]* 47

Laos

Phoumi Vongvichit Addresses Teachers, Students *[Vientiane Radio]* 47
LPRP Group Returns From French Party Congress *[KPL]* 47
Eye Hospital Receives Aid From U.S. Hospital *[KPL]* 47
Leaders Thank DPRK Counterparts for Greetings *[KPL]* 48
Leaders Greet Cuban Counterparts on National Day *[KPL]* 48
Agreements on Development Bank Loans Signed *[KPL]* 48
Minister Reports Measures To Preserve Environment *[KPL]* 48

Philippines

President Aquino Gives Year-End Report *[Quezon City Radio]* 49
    Answers Questions *[Quezon City Radio]* 51
Aquino Repeats Support for UN Force Resolution *[AFP]* 53
Ramos on Emergency Powers for Aquino, NDF Talks *[AFP]* 54
    Official Opposes Emergency Powers for Aquino *[Manila Radio]* 54
Public Works Secretary's Resignation Accepted *[Manila Radio]* 54
    'Ethics and Professionalism' Praised *[AFP]* 54
Condition Set To Release Marcos Wealth *[Manila Radio]* 55
Armed Forces Chief Pledges Honasan's Arrest *[Manila Radio]* 55
Communist Rebels' Strength Weakens by 30 Percent *[Manila Radio]* 55
200 Rebel Returnees Beneficiaries of U.S. Aid *[Quezon City Radio]* 55
Three Visayas Rebel Leaders Captured in Iloilo *[THE MANILA CHRONICLE 28 Dec]* 56
50 Communist Rebels Killed in Davao Raid *[MANILA BULLETIN 27 Dec]* 56
Ex-NPA Rebel Surrenders to Quezon City Police *[Manila Radio]* 57
Cagayan Town Mayor 'Ambushed,' Escapes Unhurt *[THE MANILA CHRONICLE 24 Dec]* 57
1,716 Muslim Rebels Surrender to Ramos *[THE MANILA CHRONICLE 24 Dec]* 57
NPA Propaganda Officer Arrested in Pangasinan *[Manila Radio]* 57
Suspected NPA Rebels Kill Anticommunist in Cebu *[Manila Radio]* 57
Eight Killed in Several Insurgency Cases *[DIYARYO FILIPINO 21 Dec]* 58
Nine Suspected Rebels Arrested in Quezon *[Manila Radio]* 58

Thailand

Minister To Visit Thai Workers in Saudi Arabia *[Bangkok Radio]* 58
Border Checkpoint With Burma at Myawaddy Reopens *[Bangkok TV]* 59
    'Tight Security' Enforced *[THE NATION 30 Dec]* 59

Government Revises Foreign Policy on Burma *[BANGKOK POST 29 Dec]* 59
Editorial Calls Chatchai Coalition 'Flimsy' *[THE NATION 30 Dec]* 60
Chatchai Comments on Foreign, Domestic Issues *[THE NATION 29 Dec]* 61
Chatchai Aide Urges Revamping of Economic Laws *[THE NATION 31 Dec]* 61
'Red Tape' Said Scaring Foreign Investors *[BANGKOK POST 31 Dec]* 62
1991 Economic Growth, Inflation Rates Predicted *[Bangkok Radio]* 63
1990 Economic Growth, Inflation Assessed *[Bangkok Radio]* 63
Government Concerned About Trade Deficit *[THE NATION 28 Dec]* 63
Government Warns of Inflation If Wages Increase *[BANGKOK POST 28 Dec]* 64
Rising Current Account Deficit Worrisome *[BANGKOK POST 27 Dec]* 65
Official Predicts 8.5-9.5 Percent Economic Growth *[Bangkok Radio]* 66
Bank Warning on Wealth Distribution, Pollution *[THE NATION 28 Dec]* 66
Thai Trade Deficit With Singapore Reported *[Bangkok Radio]* 67
Solidarity Party Parliament Member Arrested *[Bangkok TV]* 67
Spokesman Denies Helping Lao, SRV Rebels *[Bangkok Radio]* 67
Commerce Ministry To Promote Rice Export *[Bangkok Radio]* 68

Vietnam

State Council Communique on 27-28 Dec Session *[Hanoi Radio]* 68
Nguyen Van Linh Delivers Address to Conference *[Hanoi Radio]* 69
Daily Points Out Trends in International Scene *[Hanoi Radio]* 71
Du Muoi, Nguyen Khanh Meet Chernobyl Victims *[VNA]* 72
Joint Venture With Soviets in Rubber Processing *[VNA]* 72
Aquaculture Venture With USSR Turns Profit *[VNA]* 73
Do Muoi Receives Outgoing Cambodian Ambassador *[Hanoi Radio]* 73
Do Muoi Receives Outgoing Japanese Ambassador *[Hanoi Radio]* 73
Do Muoi Meets With British Ambassador 27 Dec *[Hanoi Radio]* 73
Do Muoi Receives Outgoing Philippine Ambassador *[Hanoi International]* 73
Cuban Ambassador Holds National Day Reception *[VNA]* 73
Qantas Makes First Flight to Ho Chi Minh City *[Hanoi International]* 73
Commentary Hails Cambodian Achievements in 1990 *[Hanoi Radio]* 73
Rise in Economic Delegation Visits in 1990 Noted *[VNA]* 74
Seminar Held on Media Program for Khmer People *[Hanoi Radio]* 74

AUSTRALASIA

Australia

Government To Compensate Jordan for Gulf Crisis *[AFP]* 76
More on Lithuanian Prime Minister's Visit *[AFP]* 76

Papua New Guinea

Bougainville Army Claims To Hold 20 POWs *[AFP]* 76

Japan

Gorbachev To Promote Pan-Asian Summit Talks

OW3012060290 Tokyo KYODO in English 0522 GMT 30 Dec 90

[Text] Tokyo, Dec. 30 KYODO—Soviet President Mikhail Gorbachev said he will promote the holding of a pan-Asian summit meeting to include the United States, in order to promote stability, friendship, and cooperation in the Asia-Pacific region, a Japanese major daily reported Sunday.

In an exclusive interview with the ASAHI SHIMBUN, Gorbachev said the setting up of a new order in Asia is already in train following German unification and successful summit talks at the Conference on Security and Cooperation in Europe (CSCE) in Paris.

The one hour and 45 minute interview in the president's office at the Kremlin in Moscow was based on a written questionnaire submitted to Gorbachev in advance, the paper said.

Gorbachev expressed his intention to hold the pan-Asian summit after foreign ministerial talks in 1993. Canada, Australia, and New Zealand as well as the U.S. are indispensable participants at the possible summit meeting, Gorbachev said.

In a speech in early September in the Soviet Far East city of Vladivostok, Foreign Minister Eduard Shevardnadze proposed that his Asia-Pacific counterparts meet in the port city in 1993 to promote regional confidence-building.

On unification of the divided Korean peninsula, Gorbachev said that only North and South Korea have the right to decide the steps they can take to achieve unification but added that the Soviet Union will be ready to join any international framework of cooperation and guarantee if necessary, according to the ASAHI SHIMBUN.

Referring to the Persian Gulf crisis, sparked by Iraq's August 2 invasion of Kuwait, Gorbachev said that the Soviet Union will seek a settlement of the crisis through international effort.

Gorbachev, however, said that the Soviet Union along with the United Nations and other members of the world body will stick to a position seeking the restoration of justice.

The Soviet president, pointing to the need to set up a mechanism to settle such problems as the Gulf crisis in the post-cold war era, said the U.N. should play a larger role in the international community.

On domestic issues, Gorbachev said there is no difference of opinion between him and Soviet Foreign Minister Eduard Shevardnadze, who announced his intention to resign from the post on December 20 in what he called a protest against "the advance of dictatorship." Gorbachev, saying that he wants Shevardnadze to continue working for perestroyka (restructuring) programs, did not rule out the possibility the foreign minister would retain the post.

Touching on bilateral relations with Japan, Gorbachev emphasized that the time has come for both nations to advance toward the conclusion of a peace treaty by solving all pending issues through mutual concessions.

Gorbachev, however, warned Japan not to link all the problems with the bilateral territorial dispute over four Soviet-held islands off eastern Hokkaido, the paper said.

Japan, claiming a settlement of the territorial issue is a prerequisite for the conclusion of the peace treaty, has stuck to its stance of linking progress in the territorial negotiations with possible massive financial assistance to the Soviet Union.

Japan has insisted on the return of the four islands—Kunashiri, Etorofu, Shikotan, and the Habomai islet group—which the Soviet Union occupied in the closing days of World War II. The two countries are technically at war.

Gorbachev is scheduled to visit Japan in April as the first Soviet leader ever to do so.

Gorbachev Aide on Northern Territories Issue

OW3112102390 Tokyo KYODO in English 0954 GMT 31 Dec 90

[Text] Moscow, Dec. 31 KYODO—An aide to Soviet President Mikhail Gorbachev has indicated that the Soviet Union will not offer a one-sided compromise to Japan on a territorial issue which is blocking improvement of relations between the two nations.

Vladlen Martynov, director of the Institute of World Economy and International Relations, said Japan should follow the Soviet example in offering concrete proposals on the issue, which concerns four islands off Hokkaido. He made the remarks in a recent interview with KYODO NEWS SERVICE on international and domestic issues.

The four islands—Etorofu, Kunashiri, Habomais and Shikotan—were seized by the Soviet Union at the end of World War II.

Martynov said the Soviet Union has completed many preparations for the visit of President Mikhail Gorbachev to Japan next April. He said the signing of a Japan-Soviet peace treaty is the biggest issue remaining to be resolved between the two countries. "The success of Gorbachev's visit to Japan will depend on whether both countries can open the ways to the signing of the treaty," he said.

He said the Soviets have indicated several ways to resolve the territorial issue, but Japan has made no response to these proposals. "It's time for Japan to present its own proposals," he said.

Martynov explained a proposal made by a former member of the now defunct presidential council, Aleksandr Yakovlev, on a "third way" to resolve the territorial issue, saying the suggestion was that both Moscow and Tokyo should seek mutual compromises, avoiding locking horns on the fundamental principles of the issue and seeking ways to achieve progress through joint efforts. Yakovlev told Japanese leaders that Moscow wants to consider a "third way" to resolve the issue when he visited Japan in November 1989.

On domestic issues, Martynov said he is "optimistic" despite the announcement of the resignation of Soviet Foreign Minister Eduard Shevardnadze and the illness of Premier Nikolay Ryzhkov.

Martynov said the Soviet Union has retained its integrity, as Gorbachev has succeeded in reforming political structures, including the setting up of the vice presidency.

Gorbachev was also granted wider powers by the recently held Congress of People's Deputies session to restore the Soviet economy and impose order on rebellious republics, including the three Baltic republics. He said the greater power given to Gorbachev will be used correctly to reconstruct the economy, although the situation is severe.

Gorbachev will restore order to the rebellious republics, but he will avoid bloodshed, Martynov said. He did not, however, rule out the possibility that Gorbachev may declare a state of emergency and impose direct rule on such republics in a bid to restore normality if they revolt against the central government.

LDP's Ozawa Seeks USSR Visit To Improve Ties

OW3012094090 Tokyo KYODO in English 0930 GMT 30 Dec 90

[Text] Tokyo, Dec. 30 KYODO—Liberal Democratic Party (LDP) Secretary General Ichiro Ozawa, saying political decisiveness is needed, offered Sunday to travel to Moscow to help forge a breakthrough in Japan's stalled relations with the Soviet Union.

Soviet President Mikhail Gorbachev is scheduled to visit Japan in April next year, but the feeling is growing in Tokyo the trip may not bring a complete reconciliation in bilateral ties.

In an interview with KYODO NEWS SERVICE, Ozawa stressed the need for the two countries to take each other's feelings into account and to show a sincere desire for improved relations.

Asked what steps the ruling party will take to find a breakthrough in Japan-Soviet relations, Ozawa said, "I am ready to go (to the Soviet Union) if the time is ripe for Japan to realistically show its sincerity toward the Soviet Union."

Ozawa, who retained the LDP's no. 2 post for the third consecutive term in Saturday's reshuffle of the party leadership, added that he thinks the Soviet Union is sincerely considering measures to improve relations with Japan. Prime Minister Toshiki Kaifu, who inaugurated his third cabinet Saturday, serves as the LDP president.

Ozawa said the government cannot immediately abandon its long- standing position of linking progress in negotiations on the territorial dispute with Moscow with full-scale Japanese economic assistance to the Soviet Union.

"A basic agreement calls for political judgement," he said, adding that the LDP plans to take the initiative to break the stalemate in bilateral relations.

Japan has insisted that the return of four islands seized by the Soviet Union at the end of World War II is a precondition for the conclusion of a bilateral peace treaty and large-scale Japanese economic aid to the Soviet Union.

The Soviet side maintains that a peace treaty should be concluded first to improve relations.

Nakayama on Persian Gulf Crisis, USSR Ties

OW2912134690 Tokyo KYODO in English 1335 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Foreign Minister Taro Nakayama, who retained his job in the cabinet reshuffle Saturday, said he hopes Iraq will withdraw its troops from Kuwait before January 15, the deadline set by the United Nations Security Council.

Nakayama, at his first news conference after the cabinet shakeup, also promised that Japan will make every effort to settle the Persian Gulf crisis peacefully.

Asked whether the government will submit to the current Diet a new bill to allow Japan to play a bigger role in U.N. peacekeeping activities, Nakayama said he will set up a private advisory committee early next year to study the matter.

The government had proposed a U.N. peace cooperation bill that would have allowed it to send Self-Defense Forces noncombat personnel to the Gulf or other conflict-torn areas. The bill, which would have allowed the first overseas dispatch of Japanese troops since World War II, was scrapped in November as a result of fierce resistance from opposition parties.

Asked if Japan will offer additional financial aid to the multinational forces in the Gulf area, Nakayama said that will depend on the future situation there.

Japan has so far pledged to provide 2 billion dollars in support of the U.S.-led multinational forces in addition to another 2 billion dollars in aid to countries hard hit by the crisis.

Describing the drastic changes in Eastern Europe and the Soviet Union as heralding a new era in world history, Nakayama said he hopes this new wave will also roll into the Asia-Pacific region.

On Japanese-Soviet relations, he said he hopes he will be able to meet with his Soviet counterpart by the end of January to pave the way for President Mikhail Gorbachev's scheduled April visit to Japan.

Nakayama was originally scheduled to visit Moscow for talks with Soviet Foreign Minister Eduard Shevardnadze on January 2-5, but he postponed his visit after Shevardnadze announced his resignation.

Kaifu Offers Saddam Economic Aid for Peace

OW3112085190 Tokyo KYODO in English 0649 GMT 31 Dec 90

[Text] Tokyo, Jan. 1 KYODO—Prime Minister Toshiki Kaifu, in a last-ditch effort to convince Iraq to withdraw from Kuwait, has offered President Saddam Husayn economic assistance if he opts for a peaceful solution to the Gulf crisis.

The proposal, made in a New Year's Day message, comes 15 days before the U.N. resolution allowing U.S.-led multinational forces to rid Kuwait of its Iraqi occupiers comes into effect.

"I hope that Iraq will make a decision for a peaceful solution," Kaifu said in a news conference videotaped for broadcast on New Year's Day. "If it does, then Japan is prepared to extend economic cooperation."

Japan was Iraq's top aid donor prior to Baghdad's invasion of its oil-rich neighbor. Tokyo froze 400 billion yen in economic assistance and suspended all financial transactions with Iraq on August 5, three days after Iraq took over Kuwait.

In Asia, Kaifu said 1991 would be a time to reflect on Japan's aggression of half a century ago, while forging ahead with policies to end lingering conflicts born in the cold-war era.

Kaifu called for reduction of tensions on the Korean Peninsula and restoration of peace in Cambodia.

"Resolving each of these difficult issues one at a time is essential for the peace and prosperity of Asia," Kaifu said.

Kaifu said he attaches importance to formal negotiations on normalizing relations with North Korea due to get underway later in the month, but said he also hoped to promote warmer relations between the two Koreas.

Kaifu leaves for a two-day trip to Seoul on January 9 that Japan hopes will help reduce friction over the legal registration system for Korean residents of Japan.

Kaifu is expected to announce that he will drop a requirement that Koreans, like other foreign residents, be fingerprinted, from 1993. Seoul has been pushing for an early end to the practice.

"We must throw out old grudges by assuming a correct view of history as we work to build new relations with South Korea," Kaifu said.

Japan has in the past been accused by Korea and China of trying to whitewash aggression it committed in the first half of this century.

Kaifu voiced strong support for the success of perestroyka reforms in the Soviet Union, but vowed to keep to Japan's policy of nonseparation of politics and economics.

Food and medical assistance in the wake of shortages in the Soviet Union are being given from a humanitarian stance, he said, and do not violate the principle of linking political and economic issues.

Kaifu urged Soviet President Mikhail Gorbachev to make a "brave resolution" when he visits in April to resolve an outstanding dispute over four small islands north of Hokkaido.

Japan claims ownership of the islands, which it says have been occupied by the Soviet Union since World War II.

Kaifu also called for reflection on Japan's attack on Pearl Harbor 50 years ago, and said the United States would remain Japan's most important partner.

"This year is an important time to make clear to the United States and the world that Japan is determined never again to wage a war of aggression," he said.

Japan launched a surprise attack on Pearl Harbor on December 8, 1941 after the U.S. cut off Japan's access to oil in an attempt to deter Japan's expansionism in Asia.

Japanese political circles have expressed concern that this year could see heightened tensions with the United States as Americans review the past 50 years of relations.

While vowing to never repeat the follies of World War II, Kaifu pledged to seek a way to provide more than economic assistance to help resolve international conflicts like the Gulf crisis.

Following the cabinet reshuffle on Saturday Kaifu said submitting a revised version of the U.N. Peace Cooperation Bill is a top priority for his new cabinet.

A previous version that would have permitted the dispatch of military personnel for the first time since World War II was rejected by parliament in November.

Cabinet Resigns En Masse Prior to Reshuffle

OW2912052890 Tokyo KYODO in English 0457 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—The 10-month-old cabinet of Prime Minister Toshiki Kaifu resigned en masse Saturday to pave the way for a cabinet overhaul, the second since Kaifu came to power in August 1989.

Before reorganizing the cabinet, Kaifu first tackled with reforming the lineup of his ruling Liberal Democratic Party (LDP) but retained all three key officials.

The three are Ichiro Ozawa, secretary general, Takeo Nishioka, chairman of the decisionmaking Executive Council, and Mutsuki Kato, chairman of the Policy Affairs Research Council.

Kaifu and leaders of the major LDP factions continued backstage negotiations to reach agreement on the retention of the trio, LDP sources said.

Kaifu, who is LDP president, announced Friday that he will reshuffle his cabinet and party lineup Saturday, and continued unofficial negotiations with power brokers within the LDP on a new roster of posts for the third Kaifu cabinet and the party Saturday morning.

Finance Minister Ryutaro Hashimoto, Foreign Minister Taro Nakayama, and Chief Cabinet Secretary Misoji Sakamoto are tipped to retain their posts.

The new chief cabinet secretary will announce the new roster at a press conference expected in the evening.

If everything goes smooth, the reorganized cabinet will attend the attestation ceremony in the presence of Emperor Akihito at the Imperial Palace.

Former Finance Minister Michio Watanabe, who heads the LDP's fourth largest faction, is pushing Eiichi Nakao for the post of international trade and industry minister.

The posts and telecommunications portfolio may go to Akira Fukita, who belongs to the LDP's second largest faction led by former Foreign Minister Shintaro Abe.

LDP power brokers have demanded a cabinet reshuffle to rotate cabinet posts among senior faction members. Kaifu, however, had resisted the demands in an effort to avoid giving the impression that he is being forced to change the cabinet under party pressure, political analysts said.

Prime ministers decide the lineup for the cabinet in consultation with the factions, and normally make selections based on lists drawn up by faction leaders.

A former member of the smallest faction, Kaifu became prime minister in August 1989 after his two predecessors resigned to take responsibility for their involvement in money and sex scandals.

Kaifu, whose two-year term as LDP president is due to expire next October, inaugurated his second cabinet February 28 after leading the party to victory in Diet elections.

Prime Minister Kaifu Reshuffles Cabinet 29 Dec

Roster of Kaifu's New Cabinet

OW2912082190 Tokyo KYODO in English 0809 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Following is the roster of the third cabinet of Prime Minister Toshiki Kaifu formed Saturday. (N for new, R for retained)

(Position)	(Name)	(Age)	(Faction)
Prime minister	Toshiki Kaifu	59	Komoto (R)
Justice minister	Megumu Sato	66	Takeshita (N)
Foreign minister	Taro Nakayama	66	Abe (R)
Finance Minister	Ryutaro Hashimoto	53	Takeshita (R) [Text]
Education minister	Yutaka Inoue	63	Abe (N)
Health and welfare minister	Shinichiro Shimojo	70	Miyazawa (N)
Agriculture, Forestry and fisheries minister	Motoji Kondo	60	Miyazawa (N)
International trade and industry minister	Eiichi Nakao	60	Watanabe (N)
Transport minister	Kanezo Muraoka	59	Takeshita (N)
Posts and telecommunications minister	Katsutsugu Sekiya	52	Watanabe (N)
Labor minister	Sadatoshi Ozato	60	Miyazawa (N)
Construction minister	Yuji Ohtsuka	61	Abe (N) [Text]
Home affairs minister (chairman, National Public Safety commission)	Akira Fukida	63	Abe (N)

State minister (chief cabinet secretary)	Misoji Sakamoto	67	Komoto (R)
State minister (director general, Management and Coordination Agency)	Man Sasaki	64	Watanabe (N)
State minister (director general, Hokkaido and Okinawa Development Agencies)	Yoichi Tani	63	Watanabe (N)
State minister (director general, Defense Agency)	Yukihiko Ikeda	53	Miyazawa (N)
State minister (director general, Economic Planning Agency)	Michio Ochi	61	Abe (N)
State minister (director general, Science and Technology Agency; chairman, Atomic Energy Commission)	Akiko Santo	48	Takeshita (N)
State minister (director general, Environment Agency)	Kazuo Aichi	53	Takeshita (N)
State minister (director general, National Land Agency)	Mamoru Nishida	62	Takeshita (N)
Director, cabinet (Legislative Bureau)	Atsuo Kudo	58	[No faction] (R)

LDP Executive Lineup Unchanged

OW2912053790 Tokyo KYODO in English 0442 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—The following is the new executive lineup of the Liberal Democratic Party (LDP):

(Position)	(Name)	(Age)	(Faction)
President	Toshiki Kaifu	59	Komoto (retained)
Secretary General	Ichiro Ozawa	48	Takeshita (retained)
Chairman, Executive Council	Takeo Nishioka	54	formerly Miyazawa (retained)
Chairman, Policy Affairs Research Council	Mutsuki Kato	64	Abe (retained)

'Principal' Cabinet Members Retained

OW2912082590 Tokyo KYODO in English 0810 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Prime Minister Toshiki Kaifu reshuffled his 21-member cabinet Saturday, retaining the principal members, including Foreign Minister Taro Nakayama and Finance Minister Ryutaro Hashimoto.

Chief Cabinet Secretary Misoji Sakamoto, the principal government spokesman, was also retained.

All 18 other members of the 10-month-old cabinet were replaced. This was the second cabinet reshuffle since Kaifu came to power in August 1989.

Eiichi Nakao was named minister of international trade and industry, replacing Kabun Muto, and the portfolio of the Defense Agency went to Yukihiko Ikeda, who replaced Yozo Ishikawa.

The new cabinet roster was announced by Sakamoto at the prime minister's official residence.

The reshuffle came on the same day the outgoing cabinet approved a 70.3 trillion yen government budget for the fiscal year beginning April 1. The cabinet then resigned en masse to pave the way for the new government.

The new cabinet was to attend an attestation ceremony in the presence of Emperor Akihito at the Imperial Palace at 7 P.M., with the first cabinet session scheduled later the same night.

Before reorganizing the cabinet, Kaifu decided to keep the lineup of his ruling Liberal Democratic Party (LDP) unchanged.

Ichiro Ozawa, secretary general, Takeo Nishioka, chairman of the decision-making Executive Council, and Mutsuki Kato, chairman of the Policy Affairs Research Council, remained in their posts.

A former member of the smallest LDP faction, Kaifu became prime minister in August 1989 after his two predecessors resigned to take responsibility for their involvement in money and sex scandals.

Kaifu, whose two-year term as LDP president is due to expire next October, inaugurated his second cabinet February 28 after leading the party to victory in Diet elections.

Kaifu Holds News Conference

OW3012143790 Tokyo NHK General Television Network in Japanese 0500 GMT 30 Dec 90

[News conference held by Japanese Prime Minister Toshiki Kaifu at the prime minister's official residence, with unidentified domestic reporters—live]

[Text] [Reporter] The second reshuffled Kaifu Cabinet was launched yesterday. Mr. Prime Minister, you have called it a cabinet of freshness and implementation. If we see the results of the reshuffle, however, we find that three party executives and major Cabinet ministers have been retained. The reponsibility for the scrapping of the UN Peace Cooperation Bill at the extraordinary autumn Diet session has not been discussed for some reason. The people of Japan are wondering why this reshuffle took place. Will you, Mr. Prime Minister, comment on the peoples questions regarding your purpose for reshuffling the Cabinet at this time?

[Kaifu] The second Kaifu Cabinet started in February as a result of a general election. Since then, as you would agree, there have been many problems inside and outside the country, including bringing to conclusion the Japanese-U.S. Structural Impediments Initiatives talks and explaining Japan's relationships with China and the Soviet Union at the Houston summit, thus shoring up Japan's position.

When the Gulf crisis suddenly erupted in August, we tackled very earnestly the question of Japan's contributions to the international community. We presented the bill you referred to because we hoped to obtain the Diet's approval with regard to how Japan should make its contributions to the international community. The result was severe, however, and the bill was rejected. Nevertheless, the one thing that became clear after the discussions was that the ruling and opposition parties agreed that solely monetary cooperation is not good and that Japan's contribution to the international society is not sufficient unless it includes some sort of personnel cooperation as well. As you know, the Liberal Democratic Party [LDP], Komeito, and the Democratic Socialist Party made an agreement when we withdrew the bill. The Cabinet must continue to map out a concrete program in accordance with the spirit of the agreement and, at the same time, must continue to make efforts to obtain the understanding of all parties concerning what Japan's new contributions to the international community should be. This is one of the tasks of my Cabinet. Moreover, the LDP, after holding various discussions, made a party decision to promote the basic Outline of Political Reform, which it had mapped out in the wake of severe criticisms from the people, in this hundredth year since the establishment of the Diet system. From these viewpoints, we have to continuously promote these issues. This is why I have decided to keep the same three party executives in their posts.

Regarding the Cabinet itself, now that the budget compilation has been completed and since we have the Japanese-Soviet issue, the GATT Uruguay Round issue, and various other issues immediately before us, I have asked the finance and foreign ministers and the chief cabinet secretary to remain in their posts. I have done that for the sake of continuity in policies as well. Regarding other Cabinet members, I have have been observing their activities up to the present. I have selected those who actively participated in policy deliberations of the Policy Affairs Council or those who were very energetic and active in party activities. It also has turned out that the average age has been lowered. Of the new Cabinet members, 12 are ministers for the first time. In this sense, I am counting on their freshness. At the same time, I hope that they will contribute to the solution of many pending domestic and international issues. I myself must reinvigorate my mind and tackle these issues. Thus, as I said yesterday when asked a question in this regard, I see this Cabinet as one of freshness and implementation.

[Reporter] Regarding the timing of the Cabinet reshuffle, there was much speculation about this from the beginning. Newspapers and television had reported that a reshuffle would take place before the end of the year, in January, in May, or after the completion of the ordinary Diet session. Some people believe that you only were looking for a propitious time to carry out the reshuffle. However, it turned out that this reshuffle, of all the reshuffles made since the war, was made near the end of the year. Can you tell us why you chose this particular time.

[Kaifu] I would rather like to ask you why so many wide-ranging reports were made?. You said that I was only looking for a propitious time to carry out the reshuffle. That is not true at all. As I explained previously on various occasions, I have been fully preoccupied with the tasks of domestic and foreign affairs that we were facing. The compilation of the budget bill, which will significantly affect the people's livelihood in fiscal year 1991, was the most urgent and important task. I am sure that you will agree with me on this. Moreover, political reform is the supreme task of my Cabinet. I have been saying this to you since the beginning. That also was a time when the party was having wide- ranging discussions at various levels on political reform. I strongly felt that we would not have fully performed our duties unless we had settled these completely. Thus, although there was much speculation about the timing of the reshuffle, I did my best to settle the tasks regarding policy first rather than responding to the speculations one by one. As a result, it was made on 29 December.

As you said, this reshuffle, compared to all such reshuffles in the past, was made near the end of the year. However, it just happened this way. Various meetings, including talks with the leaders of other parties, were held on 28 December. I thoroughly explained to them the basic outline that the LDP had adopted. I called on them to hold talks because it dealt with issues regarding political ethics, political funds, the election system, and various other matters. They are the most fundamental issues to a politician or a political party. Thus, I called for the talks in order to obtain their agreement. We agreed to continue the talks. So, this is one thing that has been accomplished. The draft of the budget bill for fiscal year 1991 was approved at the Cabinet meeting held in the morning of 29 December. Thus, there were no more issues to be settled this year. Regarding diplomatic issues, the fact is that the Japanese-Soviet foreign ministers' talks and the Two-plus-Two talks between the Japanese foreign minister, the director general of the Defense Agency, the U.S. secretary of state, and the secretary of defense, were scheduled to be held early next year. They have been postponed, however, by other sides. Moreover, a peaceful settlement of the Gulf situation, with its 15 January deadline, is still far from certain.

In addition, I myself have many visits planned, including one to the ROK early next year to establish new relations with a view to the future. The pending issues were settled, so I decided to reshuffle the Cabinet at this time to refresh my mind and to tacke the issues I have mentioned. It just turned out to be this way. That the reshuffle was made at this busy time at the year's end might have inconvenienced some people; however, I would like to ask for your understanding and approval from a loftier viewpoint.

[Reporter] Mr. Prime Minister, all three top executives of the LDP were retained. However, concerning the retention of General Council Chairman Nishioka, he was expelled from the Miyazawa faction. As a result, friction with the LDP's Miyazawa faction has come to the fore. I wonder if this will affect future party operations. How are you planning to eliminate this friction?

[Kaifu] Since the inauguration of the Kaifu Cabinet; rather, in accordance with the spirit of the party's Outline of Political Reform, the top three executives of the party are supposed to leave the factions to which they belong. The top three executives, not to mention Cabinet ministers, are not supposed to engage in activities at the factional level. That has been the case to date. Therefore, I feel frankly that, if you talk about the posts of the party's three top executives in connection with factional-level problems, I am a little embarrassed. As I have mentioned just now, the three top party officials have been carrying out various tasks and achieving the expected results. In connection with the question of political reform, in particular, the General Council is the organization that will deliberate and make final decisions on it. I may seem too far ahead, but I am determined to continue having the chairman of the party's General Council head the Political Ethics Screening Council, which is one of the big questions in the political reform. This is an important post for dealing with the political ethics question. So, I decided to retain the three top officials. Under party rules, their term of office has not yet expired, either. That is why I decided to retain them. I attended a General Council meeting on 29 December and, when I made that nomination, it was unanimously approved. No one raised any objections. So, I believe that this has been approved.

You have mentioned so-called friction with the Miyazawa faction. If you take it that way, I believe that I must strive not to give rise to friction through my own stand toward party operations and behavior in running the party fairly and properly, transcending the level of factionalism.

[Reporter] Mr. Prime Minister, I would like to ask you about the political ethics issue. In the wake of the indictment of dietman Inamura, stock dealings by politicians have once again become a big issue. In view of the particulars that led to the inauguration of the Kaifu administration, I believe that you, Mr. Prime Minister, have a special resolve.

[Kaifu] The case you brought up has developed into an indictment. I take it very seriously. Politicians should not be involved in stock scandals or engage in speculative stock dealings or any other activity that will be subject to stern criticism from the public. The basic Outline of Political Reform recently adopted by the party has a paragraph incorporated in it calling for strict self-restraint on stock and other speculative dealings. I have called on all members of the reshuffled Kaifu Cabinet, inaugurated on 29 December, to open their assets and strictly restrain from stock dealings. In the final analysis, this is a question of a political stance rather than an individual person's problem. In the basic outline it was resolved as a party decision that all the party members, not to mention Cabinet ministers, will refrain from such speculative stock dealings that may be subject to public criticism. Therefore, I hope that this will be strictly observed and I believe that this must be strictly observed.

[Reporter] Well, time is up.

[Kaifu] Thank you very much.

Kaifu Discusses Major Issues Facing New Cabinet

OW3012094690 Tokyo KYODO in English 0933 GMT 30 Dec 90

[Text] Tokyo, Dec. 30 KYODO—Prime Minister Toshiki Kaifu on Sunday cited boosting Japan's role in international peacemaking and political reform as the major issues facing his new cabinet.

Addressing his first news conference following Saturday's cabinet reshuffle, Kaifu said that he expects the 12 first-time cabinet members to provide "freshness" to policymaking, while the retention of principal ministers will ensure continuity.

Kaifu replaced 17 of the 20 cabinet ministers in his 10-month-old cabinet in a move political observers described as a routine reshuffle.

Noting that the Diet in November rejected the government's United Nations Peace Cooperation Bill that would have allowed the dispatch of Japanese military personnel overseas, Kaifu said he plans to make a second try. He said the cabinet will try to draw up a new bill based on a November agreement among the ruling Liberal Democratic Party, and two opposition parties, the Buddhist-backed Komeito, and the Democratic Socialist Party.

The broad agreement rejected participation of Japan's military in overseas operations, but said that Japan should offer personnel for nonmilitary positions.

Kaifu cited continuity in fiscal and foreign policy as reasons for retaining three principal cabinet members. Finance Minister Ryutaro Hashimoto was reappointed to look after the 1991 fiscal budget, approved by the cabinet on Saturday, Kaifu said. The budget is to be presented to the Diet for debate after it reconvenes in late January.

Kaifu cited relations with the Soviet Union and upcoming multilateral talks on liberalizing agricultural markets as reasons for renewing the terms of Foreign Minister Taro Nakayama and Chief Cabinet Secretary Misoji Sakamoto.

Japan is expecting a historic visit by Soviet President Mikhail Gorbachev in April.

Touching on the indictment Thursday of former Environment Agency Chief Toshiyuki Inamura for tax evasion on stock dealings, Kaifu said he would urge his new cabinet to exercise self-restraint in stock trading.

Five of the members of Kaifu's new cabinet lineup said Saturday that they have traded stocks, including Minister of International Trade and Industry Eiichi Nakao, who said "stocks are fun" and there is nothing wrong with politicians playing the market.

Of the 19 ministers who responded to questions from reporters, 14 said they do not or have not engaged in stock trading.

Political analysts said the latest scandal was a boost to Kaifu in overhauling his cabinet because it helped silence pressure within the LDP to include politicians tainted by the Recruit and Lockheed money scandals.

Kaifu was brought in to office in August 1989 to help the ruling party recover from a series of money and sex scandals, and has worked hard to keep his image as a "clean" politician. He pledged at the news conference to make political reform and political ethics a focus of his new cabinet.

Last week the LDP gave its stamp of approval to an election reform package that would introduce single-seat constituencies in a bid to make elections more policy-oriented.

In the present three-to-five-seat districts, voters often choose between LDP politicians from rival factions.

The political reform plan has been criticized by opposition parties, who say it would favor the LDP, and analysts say it is unlikely to receive parliament's approval in its present form.

Kaifu Not To Name 'Scandal-Tainted' Politicians

OW2912131690 Tokyo KYODO in English 1302 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Prime Minister Toshiki Kaifu refused to give in to pressure from ruling party factional leaders to "rehabilitate" scandal-tainted politicians by naming them to his new cabinet Saturday.

The indictment of former Environment Agency Director General Toshiyuki Inamura just two days earlier on charges of tax evasion apparently helped Kaifu resist the pressure to appoint politicians linked to the Lockheed and Recruit scandals by keeping the issue of political ethics before the public.

KYODO NEWS SERVICE asked new cabinet ministers to respond to two key questions concerning stock trading and financial support from Recruit Co. Of the 19 ministers who responded to the questions, 14, including Chief Cabinet Secretary Misoji Sakamoto and Finance Minister Ryutaro Hashimoto, said they do not or have not engaged in stock trading.

Foreign Minister Taro Nakayama, one of the five who said they have traded in stocks, said politicians must be careful not to betray the trust of the public since they have more information than the average person.

The new international trade and industry minister, Eiichi Nakao, said he sees nothing wrong with politicians trading in stocks. "Stocks are fun," he said, adding that he has played the market himself.

The new labor minister, Sadatoshi Ozato, disagreed. He said politicians should exercise "self-restraint" in stock trading once they become cabinet ministers.

All but three ministers said they have not received financial support from Recruit Co.

Sakamoto said he received 8.93 million yen in party tickets and donations from the scandal-ridden company.

Construction Minister Yuji Otsuka said he received a donation of 1 million yen from the company for his election campaign.

Kazuo Aichi, director general of the Environment Agency, said he received a total of 12.6 million yen in party tickets and donations to his political support groups.

None of the cabinet members said they had traded in stocks offered by Recruit. Capital gains made through shady transactions in Recruit stock have forced the resignation of former Prime Minister Noboru Takeshita in 1989 and implicated dozens of politicians.

Kaifu on 'New World Order' in New Year's Message

OW3112085990 Tokyo KYODO in English 0751 GMT 31 Dec 90

[Text] Tokyo, Jan. 1 KYODO—Prime Minister Toshiki Kaifu said in a New Year's message that Japan must offer economic and technical know-how to help establish a new world order now that the thinking of the Cold War era has been overcome.

"As we stand at the brink of the 21st Century, both the world and Japan face a historical turning point at which we will determine our destinies," Kaifu said in the message, issued Tuesday morning.

Kaifu said that in his travels last year to Eastern Europe, southwest Asia, and the Middle East, he had come to realize that the international community has high expectations of Japan.

"Our impact in the global community is larger than we think," he said. "Japan must actively participate in establishing the new international order," he said, offering to share economic and technical strengths.

Kaifu said he plans to keep an active foreign policy schedule in the New Year, and will continue efforts to boost international peace and prosperity.

He singled out the visit to Japan by Soviet President Mikhail Gorbachev planned for April.

"In Japan-Soviet relations, the resolution of the territorial issue and establishment of a peace treaty is important," he said.

"I plan to appeal for a decision when Gorbachev comes for the planned April visit," he said.

Japan has said that it cannot conclude a peace treaty until Moscow ends its postwar occupation of four small islands off Hokkaido.

Kaifu said strengthening the "global partnership" with the United States would also help to create a new world order.

U.S. President George Bush is set to visit Japan prior to Gorbachev's historic visit, but no date has been set for the trip.

Also on Kaifu's diplomatic calendar for the New Year are visits in January to South Korea and five members of the Association of Southeast Asian Nations—Malaysia, Singapore, Brunei, the Philippines, and Thailand.

Kaifu visited Indonesia, the other member of the six-nation group, last spring.

New Defense Agency Head on Reduced Soviet Threat

OW2912145990 Tokyo KYODO in English 1453 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Newly appointed Defense Agency Chief Yukihiko Ikeda said Saturday the Soviet Union no longer poses a potential threat to Japan following a relaxation of tensions in world politics.

Ikeda made the remark in a meeting with reporters at the Defense Agency shortly after attending the first cabinet meeting following a cabinet reshuffle led by Prime Minister Toshiki Kaifu.

There are many views on the size of the Soviet military capability, Ikeda said, adding that Moscow does not pose a potential threat to Japan although the Soviet Armed Forces are still powerful enough to pose such a threat.

Ikeda said the Japan-U.S. security treaty remains a pillar in Japan's security. He called on the Japanese people to show greater understanding about the importance of Japan's defense.

New Justice Minister on Minority Awareness Plans

OW2912152390 Tokyo KYODO in English 1459 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Newly appointed Justice Minister Megumu Sato pledged Saturday he will push an enlightenment drive among the Japanese public on ethnic minorities issues.

Asked about his predecessor Seiroku Kajiyama's discriminatory comments on American blacks, Sato said in a press conference at the Justice Ministry that he will promote the ministry's public relations so that the public would have correct awareness of the topic.

Kajiyama, after touring a red-light district in Tokyo on September 20 shortly after he was appointed justice minister, compared foreign prostitutes in Japan to American blacks, saying they "ruin the atmosphere of the neighborhoods they move into." He later retracted his remarks and apologized. Kajiyama again made an apology for his remarks after he stepped down from office Saturday.

"I would refrain from commenting on my predecessor, but I feel I must be committed to the protection of human rights," Sato said. He said the projected minorities education campaign includes lectures, posters, and the holding of symposiums.

On the legal status of the Koreans and Taiwanese, who came to Japan while Korea and Taiwan were under Japan's colonial rule, and their offsprings, Sato said he would lead the preparation of legislative measures to limit their deportation and ease regulations for permanent residency and reentry to Japan. He said the Justice Ministry plans to send a bill on these measures to the current Diet session. He also stressed the need of legislative measures in the future to replace fingerprinting as a way to identify resident Koreans. The development of an alternative method is now under way, he said.

Sato was negative on the admission of unskilled foreign labor, saying foreign labor could affect unemployment in Japan in case of an economic recession.

Kaifu on Reappointment of Nakayama, Hashimoto

OW2912113690 Tokyo NHK General Television Network in Japanese 1000 GMT 29 Dec 90

[Excerpts] Prime Minister Kaifu has reshuffled his Cabinet, whose compostion was announced a short while ago. The third Kaifu Cabinet will be appointed formally in a ceremony to be held at the Impreial Palace later tonight. [passage ommitted]

Mr. Kaifu, speaking to reporters shortly after the announcement of the new Cabinet, said that he had decided to retain the foreign minister, finance minister, and three top officials of the ruling Liberal Democratic Party because there are many issues to be tackled by every member of the party and Cabinet. Mr. Kaifu added that these issues include political reform, the land issue, tax reform, the Gulf crisis, and diplomacy with the Soviet Union.

Mr. Kaifu concluded by saying that the new Cabinet is ready to grapple with crucial issues both at home and abroad. [passage ommited]

Nakayama Retained for Foreign Policy 'Consistency'

OW2912123090 Tokyo KYODO in English 1213 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Foreign Minister Taro Nakayama, who retained his post Saturday because Prime Minister Toshiki Kaifu decided Japan needs consistency in its international relations, was a pediatrician before he went into politics.

Nakayama, a member of the House of Representatives from Osaka, has been foreign minister since Kaifu named his first cabinet in August last year. His biggest challenges will continue to be relations with the Soviet Union, whose president, Mikhail Gorbachev, is scheduled to visit Japan in April, tough global trade talks, and the Persian Gulf crisis.

Nakayama, 66, also must deal with the stalled Uruguay Round of multilateral trade talks, in which Japan has been pressed to lift its long-standing ban on rice imports.

Preparation for Gorbachev's scheduled visit to Japan is probably the next biggest task facing Nakayama.

Japan has insisted that Moscow return four islands it occupies off Hokkaido before the two countries conclude a peace treaty. The Soviet Union, with its economy crumbling, is eager for Japanese aid, but seems unlikely to give up the islands.

The upheaval within the Soviet leadership, rocked most recently by the sudden announcement of resignation by Foreign Minister Eduard Shevardnadze, forced Nakayama to cancel his scheduled early January trip to Moscow, designed to pave the way for Gorbachev's Japan visit.

The foreign minister may also face pressure from Washington that Japan pay more to help the U.S.-led multinational forces arrayed against Iraq in the Gulf area and to nations hard hit economically by the Gulf crisis.

Nakayama has already been burned by the Gulf crisis, having served as the motive force behind the government's abortive plan to pave the way for sending Self-Defense Forces noncombat personnel to the Gulf or other conflict-torn areas.

Nakayama belongs to the party faction led by former Foreign Minister Shintaro Abe. The Abe faction wanted to replace Nakayama with another faction member, but Kaifu insisted on keeping him in his post, party sources said.

Nakayama was first elected to the House of Councillors in 1968 and won a seat in the more powerful House of Representatives in 1986. He got his first cabinet post in 1980, as director general of the Management and Coordination Agency and Okinawa Development Agency.

Hashimoto Reappointment Linked to SII Talks

OW2912091290 Tokyo KYODO in English 0901 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Ryutaro Hashimoto was named Saturday to retain his finance portfolio for the third consecutive term in the new cabinet of Prime Minister Toshiki Kaifu.

Kaifu's decision to keep Hashimoto in his cabinet came as no surprise in light of the premier's firm trust in the finance minister's competence and popularity with the public.

The photogenic and articulate Hashimoto has won a reputation for his administrative capability in his terms as health and welfare minister and transport minister.

After serving as the Liberal Democratic Party (LDP) secretary general, he was appointed to the finance portfolio in the first Kaifu cabinet.

Hashimoto's reappointment leaves him as only one of three ministers to survive two cabinet reshuffles by Kaifu, and reflects the importance of the task of overseeing the response to the so-called Structural Impediments Initiative (SII) talks.

During the bilateral trade talks with the United States aimed at removing structural barriers to trade, Japan vowed to boost its public works spending sharply.

While able to master the details of administrative work, the hardnosed Hashimoto was often described by detractors as being too smart for his own good. But his experience as LDP secretary general and the growing expectation that he will be a major candidate for prime minister have mellowed him.

A renowned camera buff, Hashimoto also loves mountaineering. He has said cameras and mountains are his "lifetime friends."

A native of Okayama Prefecture, Hashimoto has been elected to the House of Representatives 10 times by his Okayama constituency.

Prime Minister Kaifu Retains Tadamori Oshima

OW2912123490 Tokyo KYODO in English 1154 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Prime Minister Toshiki Kaifu on Saturday retained Tadamori Oshima, one of his closest aides, as deputy parliamentary chief cabinet secretary.

Oshima, 44, a three-term member of the House of Representatives from northern Aomori Prefecture, belongs to the same faction as Kaifu in the ruling Liberal Democratic Party.

Oshima supports the work of another of Kaifu's factionmates, Chief Cabinet Secretay Misoji Sakamoto, who retained his job in Saturday's cabinet reshuffle.

Kaifu also retained his deputy administrative chief cabinet secretary, Nobuo Ishihara, a senior bureaucrat from the Home Affairs Ministry.

Kaifu named 23 other parliamentary vice ministers Saturday following the cabinet reshuffle.

Among them Bunmei Ibuki, a three-term House of Representatives member from Kyoto, was named vice health and welfare minister after failing to get the job in February because of his involvement in the Recruit stock scandal.

Sakamoto 'Not on Good Terms' With Kaifu

OW2912084390 Tokyo KYODO in English 0825 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Misoji Sakamoto, retained as chief cabinet secretary in Prime Minister Toshiki Kaifu's new cabinet Saturday, was an able coordinator of high-ranking ruling Liberal Democratic Party (LDP) officials at crucial times, dealing with the U.N. peacekeeping cooperation bill and contributions to the multinational forces in the Persian Gulf.

Sakamoto, 67, belongs to the LDP's smallest faction, led by former State Minister Toshio Komoto. Kaifu is a member of the Komoto faction.

Sakamoto is reportedly not on good terms with Kaifu. He objected to Kaifu's candidature in the LDP's presidential election in August last year, preferring Komoto.

Sakamoto is a veteran politician with abundant experience. Elected to the House of Representatives in 1967, he has served in such key posts as labor minister and as deputy secretary general of the LDP.

Sakamoto, an expert of the Japanese sport of Kendo, has been elected nine times since 1967.

Opposition Parties on Cabinet Reshuffle

OW2912121290 Tokyo NHK General Television Network in Japanese 1000 GMT 29 Dec 90

[Text] Regarding today's Cabinet reshuffle, opposition parties issued the following statements.

The Japan Socialist Party [JSP], in a statement released in the name of Secretary General Yamaguchi, said that the newly reshuffled Cabinet is invariably a Cabinet under the control of the Takeshita faction, the biggest faction in the ruling Liberal Democratic Party [LDP]. The statement added that Prime Minister Kaifu, with help from the recent tax evasion case involving former Environment Agency Director General Inamura, was able to exclude from the Cabinet those legislators involved in the Lockheed and Recruit financial scandals. The JSP will strive to eliminate political corruption in cooperation with other opposition parties.

The Komeito [Clean Government Party], in a statement released in the name of Secretary General Ichikawa, said that the Cabinet reshuffle was invariably a rotation of the Cabinet portfolio among the ruling LDP factions, and it is doubtful whether this new Cabinet will be able to cope with the many difficult issues both at home and abroad.

The Japan Communist Party, in a statement issued in the name of Secretariat head Shii, said that the Cabinet was reshuffled as a way of rotating Cabinet portfolios and of waging a tug-of-war among factions. It added that the people see no just cause for the reshuffle.

The Democratic Socialist Party issued a statement in the name of Secretary General Yonesawa, saying that the reshuffle was intended to diffuse the dissatisfactions within the ruling LDP, and that the ministers were selected from among various factions in accordance with the seniority system.

Commenting on the Cabinet reshuffle, Abe, general secretary of the United Social Democratic Party, expressed his disappointment at the new Cabinet line-up because it indicates no clear-cut policy about the future direction of Japan.

Further on Opposition Reaction

OW2912131990 Tokyo KYODO in English 1237 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Opposition parties accused Prime Minister Toshiki Kaifu and his ruling Liberal Democratic Party [LDP] of reshuffling the cabinet Saturday for no reason other than rotating the prized portfolios among party factions.

The Japan Socialist Party [JSP], the country's main opposition group, said the new cabinet remains under the control of former Prime Minister Noboru Takeshita, the leader of the LDP's largest faction.

JSP Secretary General Tsuruo Yamaguchi said factional egotism makes the new cabinet a "lightweight" one which cannot respond properly to difficult problems at home and abroad.

Yuji Ichikawa, secretary general of the No. 2 opposition party Komeito, said he could not understand why Kaifu reorganized the cabinet.

Kaifu himself said only that he was reshuffling the cabinet because the biggest issues facing the government before the end of the year had been completed. The fiscal 1991 budget proposal was finalized early Saturday and an electoral reform plan was completed Tuesday.

The Japanese Communist Party, accusing Kaifu and the LDP of merely waging factional strife for posts, said it will demand the prime minister resign.

Business leaders, however, generally welcomed the new cabinet, the third since Kaifu assumed the premiership in August 1989.

Eiji Suzuki, head of the Japan Federation of Employers' Associations (Nikkeiren), noted that Kaifu excluded scandal-ridden politicians from the cabinet and said he showed firm resolve to promote political reform.

Rokuro Ishikawa, president of the Japan Chamber of Commerce and Industry, said the prime minister retained key party officers and top cabinet ministers out of consideration for the continuity of important policies.

KYODO Summarizes 29 Dec Cabinet Reshuffle

OW2912111690 Tokyo KYODO in English 1100 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Prime Minister Toshiki Kaifu on Saturday launched a new cabinet but retained three major ministers in order not to lose any momentum in dealing with the same external problems that he faced in his previous administration, including trade friction and the Persian Gulf crisis.

Chief Cabinet Secretary Misoji Sakamoto, 67, who retained his post as head of the prime minister's staff and chief government spokesman, announced the new cabinet, Kaifu's third since he took office in August 1989, at the prime minister's official residence.

The other ministers who kept their portfolios are Foreign Minister Taro Nakayama, 66, and Finance Minister Ryutaro Hashimoto, 53.

In addition to trade friction, especially with the United States, the cabinet must decide what role Japan will play in helping to resolve the Gulf crisis.

Other major issues confronting the government include the Uruguay Round of multinational trade talks, set to resume in mid-January, and relations with the Soviet Union, whose president, Mikhail Gorbachev, is scheduled to visit Japan in April.

Kaifu's new cabinet is expected to decide ahead of Gorbachev's trip to Tokyo whether to treat financial aid to the Soviet Union and participation in Soviet development projects separately from the long dispute over four islands off Hokkaido claimed by Japan but occupied by the Soviets.

The government is also expected to make a political decision on the thorny issue of Japan's ban on rice imports—a major topic at the Uruguay Round trade talks, which failed to meet their December deadline for an agreement because of discord over farm trade.

The Kaifu government will also be forced to implement a monetary policy designed to sustain economic growth without inflation amid the Gulf crisis.

After being renamed foreign minister, Nakayama told reporters, "The international situation remains precarious. I will continue making efforts for Japan to contribute further to the international community and to global peacekeeping activities."

Eiichi Nakao, 60, former director general of the Economic Planning Agency, was named international trade and industry minister to replace Kabun Muto. Motoji Kondo, 60, was appointed agriculture, forestry, and fisheries minister to succeed Tomio Yamamoto. The two ministers, along with Foreign Minister Nakayama, will be Japan's chief representatives when the Uruguay Round of multilateral trade talks resumes. Kondo will tackle the thorny issue of responding to demands from abroad for Japan to open its rice market.

The post of the Defense Agency chief went to Yukihiko Ikeda, 53, replacing Yozo Ishikawa, and Akira Fukida, 63, was appointed minister in charge of home affairs to replace Keiwa Okuda. Fukida will deal with political and electoral reforms in line with a political reform plan announced by the LDP early this week.

Justice Minister Seiroku Kajiyama, who came under severe criticism at home and abroad for his discriminatory remarks against black Americans, was replaced by Megumu Sato, 66.

The oldest member of the cabinet is Health and Welfare Minister Shinichiro Shimojo, 70, who replaced Yuji Tsushima.

Of the 20 cabinet posts except Kaifu's own, six were given to the ruling Liberal Democratic Party's largest faction, headed by former Prime Minister Noboru Takeshita, and five to the second-largest faction, led by former Foreign Minister Shintaro Abe.

Four portfolios each went to the factions led by former Deputy Prime Minister Kiichi Miyazawa and former Finance Minister Michio Watanabe. The faction led by former State Minister Toshio Komoto, to which Kaifu belonged until he became prime minister, got only one post.

Of the 20 ministers, 12 have no previous experience in a cabinet post.

Kaifu, 59, who is also president of the ruling party, succumbed to growing pressure from party factional leaders calling for an early cabinet reshuffle in order to rotate cabinet posts among their faction members. Kaifu acceded to demands by party power brokers to settle the balance of power among the five major factions. The prime minister, however, kept his cabinet free of scandal- tainted politicians to maintain the "clean" image of his administration.

The new cabinet lineup includes one woman, Akiko Santo, 48, a former actress as director general of the Science and Technology Agency. Santo is also the youngest member of the cabinet. There were no women in the previous cabinet.

The reshuffle came on the same day the outgoing cabinet approved a 70.3 trillion yen government budget for the fiscal year beginning April 1. The cabinet then resigned en masse to pave the way for the new government.

The new cabinet attended an attestation ceremony in the presence of Emperor Akihito at the Imperial Palace on Saturday evening.

Before reorganizing the cabinet, Kaifu decided to retain the three top executives of his ruling party—Ichiro Ozawa, secretary general, Takeo Nishioka, chairman of the decision-making Executive Council, and Mutsuki Kato, chairman of the Policy Affairs Research Council.

Kaifu became prime minister in August 1989 after his two predecessors resigned to take responsibility for their involvement in money and sex scandals.

Kaifu, whose two-year term as LDP president is due to expire next October, inaugurated his second cabinet February 28 after leading the party to victory in Diet elections.

Analyzes Impact of New Lineup

OW2912153390 Tokyo KYODO in English 1519 GMT 29 Dec 90

["News Focus: New Cabinet Reflects Concern Over Gulf, Soviet Relations (By Jocelyn Ford)"—KYODO headline]

[Text] Tokyo, Dec. 29 KYODO—The prospect of war in the Persian Gulf and hopes for better relations with the Soviet Union helped shape Prime Minister Toshiki Kaifu's new cabinet Saturday, as Kaifu forfeited a portfolio claimed by his own faction to save his foreign minister.

However, analysts said the new lineup lacks the resourcefulness needed to meet the unpredictable twists of the post-Cold War world.

"Japan has to figure out how to contribute to global peace, but this reshuffle is aimed at helping Kaifu to maintain power," said Hideo Uchiyama, a professor of political science at Keio University. "It does not indicate any intention to take action," he said.

It is common practice for Japanese prime ministers to rearrange their cabinets once a year to give as many politicians as possible a chance to serve as ministers. Portfolios are usually distributed according to longevity in office.

Chief Cabinet Secretary Misoji Sakamoto, in announcing the new cabinet lineup, said Kaifu kept three key cabinet members—Foreign Minister Taro Nakayama, Finance Minister Ryutaro Hashimoto and himself—in view of uncertainty in the Gulf and pending multilateral negotiations on liberalizing agriculture trade. At home, Sakamoto cited political reform and lowering land prices as the new 21-member cabinet's top priorities.

Kaifu had been under pressure to replace Foreign Minister Taro Nakayama, who belongs to the faction headed by former Foreign Minister Shintaro Abe, by another member of the same faction to give someone else a turn in the cabinet.

In an apparent quid-pro-quo, Kaifu traded a post tagged by his own faction, headed by former state Minister Toshio Komoto, to provide an extra post for the Abe faction.

Maintaining balance between factions is a major consideration in formulating a cabinet, and the prime minister is usually restricted in his choices to the names suggested by leaders of the five LDP factions.

Kaifu wanted Nakayama to stay to prepare for Soviet President Mikhail Gorbachev's expected visit here in April, said Takeshi Sasaki, professor of political science at the University of Tokyo.

Sasaki said the government should prepare for Moscow to take a hard line on the dispute over four islands off Hokkaido claimed by Japan but occupied by the Soviet Union following this month's shock resignation by Soviet Foreign Minister Eduard Shevardnadze, but so far Kaifu's government does not appear to be moving to shore up its position.

The new cabinet had little new to say about Japan's role in restoring peace in the Gulf, or how to develop relations with the Soviet Union.

In addressing his first news conference following reappointment, Hashimoto cited Japan's 4 billion dollar contribution to help rid Kuwait of its Iraqi invaders, and said he hopes for peace so that no more money will be needed. A war would be devastating, not only to the economy of Japan but to that of the whole world, he said.

Nakayama told a separate news conference that Japan would consider further financial support if conditions require. An aide to Kaifu recently said he believes the likelihood of war in the Gulf is "50-50."

New Agriculture, Forestry and Fisheries Minister Moteji Kondo, a veteran of the ruling Liberal Democratic Party's agriculture lobby, assured worried farmers that he will abide by the cabinet resolution on self-sufficiency in rice, a euphemism for Japan's ban on imports of the grain.

Japan is likely to come under increasing pressure at the Uruguay Round multilateral trade talks, held under the General Agreement on Tariffs and Trade (GATT), to open its rice market. The multilateral talks are to reopen in January.

Analysts said Kaifu's efforts to hoist his sagging popularity rating by barring politicians involved in past money scandals may pay off, but that the public is becoming more concerned about policy issues.

"Kaifu has not been doing well, at least in the eyes of the public, in the Gulf, on GATT, on relations with the Soviet Union, or on electoral reforms," said political scientist Takashi Inoguchi. "He has to reshuffle to give a refreshed image, but not all of the public will be deceived."

KYODO Profiles Kaifu, Cabinet Ministers

Prime Minister Toshiki Kaifu

OW2912135690 Tokyo KYODO in English 1324 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Prime Minister Toshiki Kaifu said after he took office in August 1989 that the number 29 has determined his fate as a politician and called for support over the next 29 years.

While he may not achieve 29 years in office—he would be 88 in the year 2018—the number 29 has appeared time and again in his career.

Most recently, he decided to reshuffle his cabinet Saturday, December 29 and he did.

The boyish-looking Kaifu, who turns 60 on Wednesday, favors the number 29 because he graduated from Waseda University in the 29th year of the Showa era on the Japanese calender, 1954, and was first elected to the House of Representatives at the age of 29 in the 29th general election. His room in the Diet office building also bears 29, which he calls his lucky number.

When Kaifu became Japan's youngest lawmaker after being elected to the lower house in 1960, he vowed to become prime minister 29 years later. He made good on his pledge last August after his two predecessors stepped down over sex and money scandals and his party's loss of the upper house to the opposition.

He was born in 1931 in Nagoya, central Japan, where his father owned a photographic studio. He volunteered for the wartime youth air corps when he was a high school student but World War II ended before he entered the corps.

The prime minister, who had been regarded as a stopgap leader, was chosen primarily because of his youth, eloquence, and clean record in hopes of improving the image of the scandal-tainted Liberal Democratic Party.

Kaifu, whose trademark is a polka-dot tie, served twice as education minister before becoming premier. He also served as deputy chief cabinet secretary under the late Takeo Miki, his mentor, who was in office from 1974-76.

He loves reading history books and is interested in unidentifed flying objects (UFOs).

Kaifu met his wife, Sachiyo, in the office of another Diet member, where she was working as a clerk. They have one son, Masaki, who works for Kaifu as a secretary, and one daughter, Mutsumi, who is studying for the bar exam.

Defense Agency Chief Ikeda

OW2912090690 Tokyo KYODO in English 0857 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Yukihiko Ikeda, a son-in-law of the late Prime Minister Hayato Ikeda, Saturday won his second cabinet ministerial post as Defense Agency chief.

Following his graduation from the University of Tokyo, Ikeda, 53, started his career in the Finance Ministry with sympathy for Ikeda's income-doubling plan.

He married Ikeda's daughter after the prime minister found him able in dealing with the annual national budgets in the Finance Ministry.

Ikeda has been elected six times to the House of Representatives, which he first joined in 1976. He was chief of the Management and Coordination Agency in the cabinet led by former Prime Minister Zenko Suzuki.

LDP Secretary General Ozawa

OW2912071690 Tokyo KYODO in English 0706 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Ichiro Ozawa, 48, one of the hopefuls for the premiership, was renamed Saturday as secretary general of the ruling Liberal Democratic Party (LDP), no. 2 post in the LDP following Prime Minister Toshiki Kaifu, who concurrently serves as the party's president.

Ozawa has been serving as secretary general since August last year, when Kaifu inaugurated his first cabinet after his two immediate predecessors were driven out of office because of their involvements in money and sex scandals.

Ozawa, a member of the LDP's largest faction, led by former Prime Minister Noboru Takeshita, is credited with playing a major role in the party's victory in last February's general election and in contributing to regaining public trust in the ruling party. Known for his political decisiveness, he also took a leading part in compiling the party's political and electoral reform plans.

Ozawa took the initiative in efforts to set up a United Nations Peace Cooperation Corps in which members of Japan's Self-Defense Forces would have been sent overseas in a noncombatant role to contribute international peacekeeping activities. A bill to create the corps was scrapped in early November, however, following strong criticism from opposition parties and the public.

Ozawa is said to have learned a dynamic style of practical politics from former Prime Minister Kakuei Tanaka, his political mentor.

Born in Iwate Prefecture, Ozawa, a graduate of Keio University, was first elected to the House of Representatives at the age of 27, taking a seat vacated by his father.

Ozawa, an eight-term lower house member, has served as home affairs minister and deputy chief cabinet secretary. He is a relative by marriage of both Takeshita and former Deputy Prime Minister Shin Kanemaru.

Minister of Trade, Industry Nakao

OW2912100990 Tokyo KYODO in English 1001 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Eiichi Nakao, a hardliner on defense, was named minister of international trade and industry in Prime Minister Toshiki Kaifu's new cabinet Saturday.

Nakao, who was inspired to become a politician by the late Prime Minister Hitoshi Ashida's call for the rearmament of Japan in the early postwar period, is known as a hot-blooded hawk. He once headed Seiran-Kai, a now defunct policy group of hawkish members of the ruling Liberal Democratic Party (LDP). But pundits say his bitter defeat in the general election in 1983—though he returned to the Diet in the 1986 election—and his experience as head of the Economic Planning Agency have somewhat softened his stance and enlarged his caliber.

Despite the rightest tinge of his political standing, Nakao's forte is in diplomacy. His mastery of English has allowed him to build up a wide range of personal ties in the United States and the Middle East.

The 60-year-old Nakao is a long-time member of the LDP faction now headed by former Finance Minister Michio Watanabe. The faction used to be led by former Prime Minister Yasuhiro Nakasone.

Nakao, from Yamanashi Prefecture and a graduate of Aoyama Gakuin University, has won eight terms in the House of Representatives.

EPA Director General Ochi

OW2912085590 Tokyo KYODO in English 0833 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Michio Ochi, a bureaucrat turned politician whose forte is economics, was reinstated to his old post, director general of the Economic Planning Agency, in the cabinet reshuffle by Prime Minister Toshiki Kaifu on Saturday.

Ochi, 61, a graduate of the University of Tokyo Law School and a former elite official of the Finance Ministry, was head of the agency under the short-lived cabinet of former Prime Minister Sosuke Uno in 1989.

His father-in-law is former Prime Minister Takeo Fukuda.

Ochi, a native of Tokyo, previously held such posts as deputy director general of the Management and Coordination Agency and chairman of the House of Representatives Finance Committee.

Ochi, a member of the Abe faction in the ruling Liberal Democratic Party, has been returned to the lower chamber six times.

Agriculture, Forestry Minister Kondo

OW2912090890 Tokyo KYODO in English 0841 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Motoji Kondo, known by his friends as a "reliable politician," was named minister of agriculture, forestry, and fisheries in the new cabinet of Prime Minister Toshiki Kaifu on Saturday.

Kondo, 60, a native of Sado Island in Niigata Prefecture, has been elected to the House of Representatives five times after serving in town and prefectural assemblies.

He has long been involved in agricultural affairs, previously serving as parliamentary vice minister of agriculture, forestry, and fisheries and chairman of the ruling Liberal Democratic Party's Agricultural Affairs Department.

Education Minister Inoue

OW2912093990 Tokyo KYODO in English 0922 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Newly appointed Education Minister Yutaka Inoue, a member of the House of Councillors, has had varied social experiences before coming into the political arena, working as a junior high school teacher, a dentist, and a local assemblyman.

Inoue, 63, has also gone through ups and downs in politics. He was the runaway winner in the 1976 House of Representatives election in a constituency in his native Chiba Prefecture, east of Tokyo, but narrowly lost the next lower house election.

The doctor of medicine, who has written a publication on dentistry, then turned to the upper house election in 1980 and is now serving his second term in the chamber.

A member of the ruling Liberal Democratic Party's faction led by former Foreign Minister Shintaro Abe, Inoue received from Prime Minister Toshiki Kaifu his first assignment as a cabinet minister. He succeeds outgoing Kosuke Hori as education minister.

Inoue is not a man of fashion but is known as a seasoned politician who says he "would never agree to compromise on what is not logical."

Muto on 'Partial Opening' of Rice Market

OW2912112590 Tokyo KYODO in English 1114 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—The long smoldering issue of whether to allow rice imports flared up again Saturday in the wake of Prime Minister Toshiki Kaifu's cabinet reshuffle.

Outgoing Minister of International Trade and Industry Kabun Muto told reporters after tendering his resignation that he and two other cabinet ministers discussed "minimum access," or a partial opening of the rice market, among themselves in Brussels in December.

Muto said he discussed the issue with Foreign Minister Taro Nakayama, who was retained in the new cabinet, and Tomio Yamamoto, minister of agriculture, forestry, and fisheries until Saturday. The three ministers were attending a ministerial meeting of the Uruguay Round of multilateral trade talks, which broke down over trade restrictions on rice and other farm products.

Yamamoto, in a statement issued through the Agriculture Ministry, denied that the "minimum access" was discussed at the meeting.

Muto said the three cabinet ministers got together before their meeting with U.S. Trade Representative Carla Hills. He said the Japanese ministers told Hills that Japan is ready to continue discussions on the rice issue as Japan and the European Community came under growing pressure from other participants to compromise on their protectionist agricultural policies.

Muto said the new cabinet will have to consider a partial opening of the rice market in the new year.

Government Approves Fiscal 1991 Budget Plan

OW2912022090 Tokyo KYODO in English 0124 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—The budget plan approved by the Government Saturday features a sharp increase in spending on social infrastructure aimed at responding to mounting calls from within and outside the country to improve the poor quality of life in economically rich Japan.

Finance Minister Ryutaro Hashimoto said, "This could be called a 'daily life-oriented' budget, designed to improve the quality of national life in view of the agreement" reached in the U.S.-Japan talks on bilateral economic reforms.

In what government officials call an "economically neutral" budget plan for the new fiscal year, starting April 1, general- account expenditures will rise 6.2 percent to 70,347.4 billion yen.

Of the total, actual spending by the Central Government will amount to 37,238.2 billion yen, up 5.3 percent from Fiscal 1990, with the remainder going to debt-servicing costs and funds allotted to local governments.

The 5.3 percent expansion in government operational spending, the biggest in 12 years, is chiefly due to increased outlays for public works spending, which is in line with Japan's pledge in the Structural Impediments Initiative (SII) talks with the United States to boost its social infrastructure spending over the next decade.

With Fiscal 1991 the first year of the 10-year program, the Government will allocate 6,589.7 billion yen for public works spending, a 6.0 percent increase, as well as setting aside 200 billion yen in a new category designed specially for projects closely linked to the well-being of the general public.

Finance Ministry officials said they expect the outlays, along with other public works-related spending under the budget, to satisfy Washington, which wants Japan to save less and spend more to help reduce its colossal trade gap with the United States.

The budget plan, approved by the cabinet Saturday morning, is based on a government forecast that the Japanese economy will cool off somewhat in the new fiscal year, growing 3.8 percent after inflation against the 5.2 percent now estimated for Fiscal 1990.

In nominal terms, the economy is expected to grow 5.5 percent, nearly the same as the 5.3 percent growth in general expenditures, which is why the Government is describing the budget plan as "economically neutral," neither stimulating nor dampening the economy.

With the expected economic slowdown in mind, the Government calculates in the budget plan that tax revenue will grow 6.5 percent to 61,772.0 billion yen, a sharp decline from the 13.7 percent increase in the initial fiscal 1990 budget.

To make up for the slower growth in tax revenue, the Government will issue public works-financing bonds, or construction bonds, totaling 5,343.0 billion yen, bringing outstanding government bonds to about 168 trillion yen at the end of Fiscal 1991.

The planned bond issues for Fiscal 1991, though 250.2 billion yen, or 4.5 percent, less than Fiscal 1990, mean that the Government will fail to achieve the target it set in its fiscal restructuring policy.

The restructuring program requires the Government to reduce its debt reliance to 5 percent or less of annual revenue in the five-year period beginning in April. To attain the goal, the Government needs to slash its bond issues by 400 billion yen each year.

The combined sum of bond issues represents 7.6 percent of total revenue, against an 8.4 percent debt burden in the original fiscal 1990 budget.

With tax revenue and bond issues falling short of general-account expenditures, the budget plan calls for contributions from the Bank of Japan (BOJ) and a transfer of funds from a special account for foreign exchange transactions as well as proceeds from sales of the government's holdings in Nippon Telegraph and Telephone Corp. (NTT). In addition, the Government will hold down the increase in tax grants to local governments.

Debt-servicing costs, another component of the general-account expenditures, will rise 10.8 percent to 15,834.3 billion yen, accounting for 22.5 percent of the total outlays.

Ministry officials attributed the increase mainly to increased interest payments on outstanding government bonds. The coupon rate on such bonds has risen about 2 percentage points in the past year.

The budget plan, to be sent to the Diet in January for approval, was completed after negotiations between the Finance Ministry and other ministries and agencies seeking restoration of funds cut from their initial budget requests in a draft budget presented last Monday by the Finance Ministry.

In the wake of the four days of "restoration" bargaining, defense spending was increased to 4,387.0 billion yen from the 4,372.9 billion yen in the Finance Ministry's draft budget, marking a 5.47 percent increase from Fiscal 1990.

The modest growth, the lowest in three years, reflects the Government's perception that the quick rapprochement between the East and West makes a rapid defense buildup less urgent.

The defense outlay represents 0.955 percent of Japan's estimated Gross National Product (GNP), making Fiscal 1991 the second straight year in which such spending is being kept below 1 percent of nominal GNP.

Japan had kept the ratio below 1 percent from 1976 through 1987, after which then Prime Minister Yasuhiro Nakasone scrapped the cabinet-imposed limit under pressure from Washington to share more of the defense burden.

Conscious of Japan's increasing clout on the international stage, the Government earmarked 883.1 billion yen, or an 8.0 percent increase, in Official Development Assistance (ODA), or aid to developing countries and international organizations.

The 8.0 percent increase, a jump from the 5.8 percent rise envisaged in the draft budget, is expected to ensure achievement of Japan's pledge to extend 50 billion dollars in ODA from 1988 to 1993, Foreign Ministry officials said.

Of the outlays, 308.5 billion yen will go to the governmental Overseas Economic Cooperation Fund (OECF), part of which will be allotted for financial aid to the so-called frontline nations—Egypt, Jordan, and Turkey—which have been hit hardest by the crisis in the Persian Gulf.

The ODA outlays will confirm Japan's position as the world's top donor of ODA funds for the third straight year.

Meanwhile, a greater allocation for public works spending is also the highlight of the Fiscal 1991 fiscal investment and loans program, also approved at the cabinet meeting earlier in the day.

Out of the 36,805.6 billion yen overall spending, the Government allocated 18,671.6 billion yen for investment and loans for social infrastructure improvement.

The program, known as the second budget, draws on resources from postal savings accounts and other nontax revenues and is used for spending on housing loans, roads, and other items.

North Korea

KCNA Denies Rumor of Violating UN Sanctions

SK2912103990 Pyongyang KCNA in English 1016 GMT 29 Dec 90

[Text] Pyongyang December 25 (KCNA)—THE NEW YORK TIMES December 25 quoted Asian diplomats accredited to Baghdad as saying that we sent some 20 military advisors to Iraq to discuss a concrete way of military support and the son-in-law of the Iraqi president recently visited our country, leading a Iraqi military delegation.

This is an utterly groundless, downright lie.

The South Korean Munhwa Broadcasting Corporation (MBC), however, reported this on December 27.

According to reliable sources, the "Asian diplomats" mentioned in THE NEW YORK TIMES are none other than South Korean puppets. This is why the South Korean puppets were the first to echo what THE NEW YORK TIMES reported.

The fabrication and spread of the fiction by the South Korean puppets is a sinister political plot to cheat the world public into the belief that we are violating the U.N. sanctions against Iraq and thus impair the external authority of our country.

Our principled stand on the solution of the Gulf crisis is well known to the world.

We hold that Iraq must withdraw from Kuwait and the U.S. forces' presence and their military intervention in the Gulf region be terminated so that the Iraq-Kuwait dispute could be solved peacefully in the Arab framework.

Red Cross Message Asks Return of Missing Ship

SK2912073190 Pyongyang Domestic Service in Korean 0700 GMT 29 Dec 90

[Text] Yi Song-ho, acting chairman of the DPRK Red Cross Central Committee, sent a telephone notice today to Kim Sang-hyop, president of the South Korean National Red Cross.

To Kim Sang-hyop, president of the Korean [taehan] National Red Cross:

At the request of the chairman of the DPRK Fisheries Committee, I send the following telephone notice and hope that you will deliver it to your side's home affairs minister.

Yi Song-ho, acting chairman of the DPRK Red Cross Central Committee

29 December 1990

ROK [taehanminguk] Home Affairs Minister An Ung-mo:

The Mu-An No. 9818, a 30-ton-class steel ship used for (?subsidiary work), which belongs to the Kangnyong Fisheries Enterprise and which was moored in Amipo, Sanggye-ri, Kangnyong County, South Hwanghae Province, was found to be missing at dawn on 25 December because of storms. No crew was aboard the ship. Considering the direction of the wind at that time, the ship most likely drifted southward. I ask you to cooperate to ensure that the ship will be returned to our side if it enters your side's waters.

Respectfully,

[Signed] Choe Pok-yon, chairman of the DPRK Fisheries Committee

[Dated] 29 December 1990

Daily Says No Tae-u in 'Worst Political Crisis'

SK3012104890 Pyongyang KCNA in English 1017 GMT 30 Dec 90

[Text] Pyongyang December 30 (KCNA)—No Tae-u showed up at the Yongsan district office in Seoul, the headquarters of the puppet navy and the Noryangjin police station on December 27 and ordered the running dogs "on year-end emergency duty" to be in full readiness for the prevention of various crimes and arson and for naval defence.

NODONG SINMUN today points out that the traitor's act betrays the criminal intention of the No Tae-u ruling group to further strengthen fascist suppression of the people who are demanding independence, democracy and reunification, in reliance upon the puppet police, puppet army and other supressive forces, and find a way out in stepping up war preparations against us.

The news analysts says:

The No Tae-u ruling group is undergoing the worst political crisis since it came into power in face of the powerful influence of the people.

It declared "a war against crimes" as the stopgap measure for saving the crisis and is getting hysteric in suppression with the mobilisation of the puppet police, the puppet regular armed forces and even the "reservists". But there is no change in their predicament.

Floundering in the hopeless crisis of their rule, the No group, unable to shake off uneasiness, is crawling out of "Chongwadae" at the close of the year and prowling about Seoul streets.

Openly seeking tieup with the "Fifth Republic" dictatorial forces these days, the No group intends to get prepared for "local assembly elections" expected soon and build up a system for its long-term office by strengthening the military fascist group and resorting to harsher suppression of people under the pretext of "war against crimes".

The South Korean people, however, are declaring that they will answer the criminal manoeuvrings of the No group with "an all-people resistance". Only destruction is in store for the military fascist group which is making desperate efforts to find a way out in the suppression of people and in a war.

No Tae-u Condemned for Allowing Chon's Return

SK3112071190 Pyongyang KCNA in English 0521 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—No Tae-u let the former dictator Chon Tu-hwan return to his home in Yonhui-tong, Seoul, on December 30 despite strong protests and accusations of the South Korean people.

Chon Tu-hwan in a handout upon his return home advertised that his return from the Paekdam Temple was urged by the "views of people of broad social standings."

This is an insult and mockery of the South Korean people who oppose military fascist dictatorship and aspire after democracy, says NODONG SINMUN in a commentary today.

The news analyst goes on:

No let Chon, an object of accusations and rejection by the people, live in Seoul again while the Kwangju issue has not yet been settled and the injustices of the "Fifth

Republic" not been liquidated, and thus fully revealed his true color as a military hooligan tarred with the same brush.

The No Tae-u ruling group intends to suppress the democratic forces by allied forces of the military fascist junta and consolidate its system for long-term office by tightening its tieup with the Chon Tu-hwan group.

In other words, it is scheming to cope with "local assembly elections" expected in the new year and pave the road for seizure of power for the next term through alliance of the old and new dictatorial forces.

If their tieup is tightened and the repressive system consolidated in South Korea, the fascist bayonet will be wielded more violently and democracy be violated more savagely.

If the No Tae-u military fascist clique continue taking the criminal road of further strengthening the repressive system through alliance with the dictatorial force of the "Fifth Republic," going against the will of the people, they will bump into stronger resistance and accusations from the people.

Choe Ho-chung Remarks on Reunification Denounced

*SK2912043890 Pyongyang KCNA in English
0425 GMT 29 Dec 90*

[Text] Pyongyang December 29 (KCNA)—Choe Ho-chung who was appointed "deputy prime minister and unification minister", at a press conference on December 27, hinted that his "duty" is not the achievement of the reunification but the permanent division of the country, according to a radio report from Seoul.

This was made clear when he claimed that for an early reunification of the country, exchange and cooperation must be realised in the fields of economy, culture and sports earlier than the restoration of political and military trust.

The basic factor of distrust between the North and the South is political and military confrontation. It is a historical lesson that, as long as there remains political and military confrontation, exchange cannot be made properly, even if it is started.

To call for "exchange and cooperation", shelving the problem of removing political and military confrontation, is not truly intended for reunification but is intended to perpetuate the present division by getting on with the North somehow or other for an indefinite period.

Gregg's Remarks on Relations With Seoul Denounced

*SK2512065490 Pyongyang KCNA in English
0449 GMT 25 Dec 90*

[Text] Pyongyang December 25 (KCNA)—U.S. Ambassador to South Korea Gregg in a "year-end special interview" December 22 expressed apprehensions for the mounting anti-American feelings of the South Korean people.

Asked by a reporter what he thought about the rapid decrease of the popularity of the United States especially among the South Korean students in the last few years, he replied that this development evokes his apprehensions.

"We are worried that young people of South Korea think that the United States opposes reunification," he added.

He said he thought it regrettable that he has not been able to visit universities in Seoul and other parts because of anti-U.S. protests in university quarters of South Korea.

His words can be regarded as a bitter confession of the colonial "governor-general" utterly rejected by the South Korean people.

Daily Denounces U.S. Arms Reduction Plan

*SK2812044790 Pyongyang KCNA in English
0424 GMT 28 Dec 90*

[Text] Pyongyang December 28 (KCNA)—The United States recently announced that some 7,000 of the U.S. troops present in South Korea will be withdrawn by 1992. This figure is similar to the scale of the first-stage cutback envisaged in the "three-stage arms reduction program" agreed upon and published by the U.S. Defence Department and the South Korean puppet Defence Ministry in last April.

The U.S. imperialists' "arms reduction program" is a plan for the rearrangement of the armed forces. It is aimed at withdrawing a tiny handful of troops under the cloak of "arms reduction" so as to fool public opinion at home and abroad, keep the U.S. forces and nuclear weapons in South Korea indefinitely, further increase their combat power and step up war preparations against the North, says NODONG SINMUN today.

The news analyst notes:

The U.S. imperialists, behind the curtain of the "arms reduction program", are increasing the combat power of the U.S. forces by bringing into South Korea latest-type helicopters, fighter-bombers, missiles and other sophisticated means of destruction and military equipment, and, at the same time, are staging various kinds of military manoeuvres almost every day.

Their "arms reduction program" is a plan for reinforcing the armed forces and a gimmick for covering up their preparations for another war against the North. It is not for detente and peace on the Korean peninsula. It only aggravates the military confrontation and increases the danger of war.

If the U.S. imperialists truly hope for detente and peace on the Korean peninsula, they must accede to our reasonable disarmament proposal, work out a realistic plan for the troops pullout in keeping with the trend of the time, take practical steps to carry it into effect.

Association for Promoting Japanese Ties Formed

SK3012101290 Pyongyang KCNA in English 0958 GMT 30 Dec 90

[Text] Tokyo December 28 (KNS-KCNA)—The Association for the Promotion of New Japan-DPRK Relations was formed in Saitama Prefecture, Japan, on December 22.

The inaugural ceremony adopted the action program and rules of the association and elected officers.

A resolution and an appeal were adopted there.

Noting that the relations between the two countries have not been normalised because the Japanese Government continued to pursue a hostile policy toward the Democratic People's Republic of Korea, the appeal demanded that the Japanese Government strive for an early realisation of the diplomatic relations between the two countries according to the epochal joint declaration of the three parties of Japan and Korea.

Japanese Localities Demand Normalization of Ties

SK3012102890 Pyongyang KCNA in English 1002 GMT 30 Dec 90

[Text] Tokyo December 28 (KNS-KCNA)—Resolutions and recommendations demanding the normalisation of Japan-DPRK diplomatic relations have been adopted at Japanese local assemblies.

The resolutions were adopted at the Saitama prefectural assembly and Omiya City assembly, Saitama Prefecture, on December 21.

Recommendations were adopted at Obihiro City assembly, Hokkaido, and the Komoro City assembly, Nagano Prefecture, on December 17, at Tochigi City assembly, Tochigi Prefecture, and Matsumoto City assembly, Nagano Prefecture, on December 19, the Gomagane City assembly, Nagano Prefecture, on December 20 and the Gifu and Mizunami City assemblies, Gifu Prefecture, the Hamada City assembly, Shimane Prefecture, and Shiojiri Ciyt assembly, Nagano Prefecture, on December 21.

Noting that the realisation of the normalisation of Japan-DPRK diplomatic relations according to the three-party joint declaration on the Japan-DPRK relations is a desire of the two peoples and accords with the interests of the two countries, the resolutions and recommendations urged the Japanese Government to strive for the normalisation of the Japan-DPRK diplomatic relations.

Coverage of Kim Il-song's International Activities

Kim Sends Aid to Koreans in Japan

SK3112062890 Pyongyang KCNA in English 0518 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—The great leader President Kim Il-song sent an educational aid fund and stipends amounting to 700 million Japanese yen to Koreans in Japan for democratic national education of Chongnyon [General Association of Korean Residents in Japan] in the 117th installment on the hopeful new year of 1991.

The educational aid fund and stipends remitted by President Kim Il-song for Korean children in Japan has totalled 40,825,682,433 Japanese yen.

His deep favour this time will greatly encourage the patriotic work of Koreans in Japan who are devotedly working for the prosperity and development of the socialist motherland, the independent and peaceful reunification of the country and the strengthening and development of the movement of Koreans in Japan and will contribute to the development of democratic national education of Chongnyon.

Kim Greets Malagasy Leader

SK2912105290 Pyongyang KCNA in English 1023 GMT 29 Dec 90

[Text] Pyongyang December 29 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings on December 28 to Didier Ratsiraka, president of the Democratic Republic of Madagascar, on the occasion of the 15th anniversary of the proclamation of the Republic.

The message says:

Since the proclamation of the Republic in Madagascar, your people have vigorously covered the road of the building of a new life under your leadership and are now registering a great success in the endeavours for national unity and social stability and for the development of the national economy.

The Korean people sincerely rejoice over the achievements made by the Malagasy people and express firm solidarity with the Malagasy people in their righteous cause of the building of a new society, just and fair, in accordance with the socialist revolutionary charter.

I am satisfied with the further consolidation of the friendly and cooperative relations between our two countries through our meeting in Pyongyang in October and take this opportunity of sincerely wishing you and your people greater success in the work for the independent development of the country.

Kim Greets Yasir 'Arafat

SK3112104790 Pyongyang KCNA in English 1019 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to Yasir 'Arafat, president of the state of Palestine and chairman of the Executive Committee of the Palestine Liberation Organization, on the occasion of the 26th anniversary of the start of the revolution in Palestine.

President Kim Il-song says in the message:

The Palestinian people have waged an undaunted struggle for freedom and liberation from the first days when they started the revolution and are now courageously fighting to retake the lost homeland and establish the state of Palestine with el-Quds as its capital under the leadership of the Palestine Liberation Organization, their only legitimate representative.

The uprising of the Palestinian people which has continued for four years in the occupied areas including the West Bank and Gaza strip is dealing a heavy blow at the Israeli aggressors and their righteous struggle is supported and encouraged by the world's progressive people.

The Korean people always stand firm on the side of the Palestinian people in the struggle against imperialism and Zionism and extend firm solidarity with the struggle of the Palestinian people to completely restore the right to repatriation, self-determination and the legitimate national rights and achieve the cause of national liberation.

I wish you and the Palestinian people greater success in the struggle for the final victory of the revolution in Palestine and express the conviction that friendship and solidarity between the Korean and Palestinian people will grow stronger and develop day by day.

Kim Greets Fidel Castro

SK3112110390 Pyongyang KCNA in English 1032 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, today sent a message of greetings to Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State and president of the Council of Ministers of the Republic of Cuba, on the occasion of the 32nd anniversary of the victory of the Cuban revolution.

The message reads in part:

After the victory of the revolution the Cuban people rallied close around the Communist Party of Cuba headed by you have firmly defended the gains of revolution obtained through the heroic armed struggle and are maintaining the revolutionary principle and dynamically advancing along the road of socialism without vacillation at a time when the anti-socialist offensive and the anti-Cuban campaign of the imperialists are becoming more undisguised than ever before.

The Korean people rejoice as over their own over the achievements gained by the fraternal Cuban people in the revolution and construction and extend full support and firm solidarity for your struggle to safeguard the sovereignty of the country, territorial integrity and peace and stability in Central America and the Caribbean region under the uplifted banner of socialism.

Availing myself of this opportunity, I wholeheartedly wish you and the Cuban people greater success in the struggle to make full preparations for the Fourth Congress of the Communist Party of Cuba and complete the Cuban revolution firmly linked to the cause of independence in Latin America.

I believe that the excellent friendly and cooperative relations between our two parties, two countries and two peoples will grow stronger and develop in the common struggle for peace and victory of the cause of socialism and communism against imperialism.

Kim Sends Gift to Cuban Embassy

SK3112111390 Pyongyang KCNA in English 1043 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—The great leader President Kim Il-song sent a basket of flowers to the Cuban Embassy here on the occasion of the 32nd anniversary of the victory of the Cuban revolution.

The basket was handed to Juan Jose Leon Vega, Cuban ambassador extraordinary and plenipotentiary to Korea, on December 31.

Kim Greets Sudanese Leader

SK3112105090 Pyongyang KCNA in English 1030 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to 'Umar Hasan Ahmad al-Bashir, president of the Command Council of the National Salvation Revolution of the Republic of the Sudan, on the 35th anniversary of its independence.

He wishes the president and the Sudanese people great success in their work for the peace, stability and prosperity of the country and expresses the belief that the friendly and cooperative relations between the two countries will further strengthen and develop.

Kim Greets President of Gabon

SK2912105890 Pyongyang KCNA in English 1022 GMT 29 Dec 90

[Text] Pyongyang December 29 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings on December 28 to El Hadj Omar Bongo, president of the Republic of Gabon, on his 55th birthday.

In the message President Kim Il-song wished the Gabonese president good health and happiness as well as a great success in his work for the stability and prosperity of the country.

Kim Greets King of Nepal

SK2712113590 Pyongyang KCNA in English 1028 GMT 27 Dec 90

[Text] Pyongyang December 27 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to King Birendra Bir Bikram Shah Dev of Nepal on his birthday.

Believing that the relations of friendship and cooperation between the two countries will continue to develop, he wished the king and the Nepalese people greater success in their work for the stability and prosperity of the country and the king good health and happiness.

Kim Greets Togolese President

SK2512102990 Pyongyang KCNA in English 1010 GMT 25 Dec 90

[Text] Pyongyang December 25 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, today sent a message of greetings to Gnassingbe Eyadema, chairman-founder of the Togolese People's Rally and president of the Republic of Togo, on his 55th birthday.

Expressing the belief that the friendly and cooperative relations between the two countries will continue to develop, he wished the Togolese president good health and happiness as well as greater success in his work for the stability and prosperity of the country.

Kim Receives Al-Qadhdhafi Gift

SK1712113590 Pyongyang KCNA in English 1014 GMT 17 Dec 90

[Text] Pyongyang December 17 (KCNA)—A gift came to the dear leader Comrade Kim Chong-il from Colonel Mu'ammer al-Qadhdhafi, leader of the Great September First Revolution of the Great Socialist People's Libyan Arab Jamahiriya.

'Izz-al-din M. al-Hinshari, secretary of the General People's Committee for Traffic, Communications and Maritime Transport of Libya, on a visit to Korea, handed it to an official concerned.

Kim Receives Romanian Reply

SK2912045690 Pyongyang Domestic Service in Korean 1300 GMT 24 Dec 90

[Reply message from Romanian President Ion Iliescu to DPRK President Kim Il-song; dated 21 December from Bucharest—read by announcer]

[Text] Pyongyang:

To Your Excellency DPRK President Kim Il-song:

I express thanks to you for having sent congratulations to me on a Romanian national holiday.

I am sympathetic to your conviction that the friendly and cooperative relations between our two countries will develop anew on the principle of reciprocity.

[Signed] Ion Iliescu, Romanian president, on 21 December 1990 from Bucharest.

Kim Receives Ghanaian Gift

SK2512063590 Pyongyang KCNA in English 0446 GMT 25 Dec 90

[Text] Pyongyang December 25 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received a gift from Jerry John Rawlings, chairman of the provisional National Defence Council of the Republic of Ghana.

The gift was handed to chairman of the Supreme People's Assembly Yang Hyong-sop on December 24 by Mohamed ibn Chambas, under-secretary for foreign affairs of the provisional National Defence Council of the Republic of Ghana, on a visit to Korea.

Kim Greets Niger President

SK1712114290 Pyongyang KCNA in English 1007 GMT 17 Dec 90

[Text] Pyongyang December 17 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, today sent a message of greetings to Ali Saibou, president of the National Movement for the Society of Development of Niger and president of the Republic of Niger, on the 32nd anniversary of the proclamation of the Republic.

The message notes that the Korean people wish the Niger people great success in their work for consolidating national unity and the reconstruction of economy under the leadership of the president.

It expresses the belief that the friendly and cooperative relations between the two countries will grow stronger and develop.

Leadership Receives New Year's Gifts From PLO

SK3012122990 Pyongyang KCNA in English 1101 GMT 30 Dec 90

[Text] Pyongyang December 30 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received a basket of flowers and a congratulatory letter from Yasir 'Arafat, president of the state of Palestine and chairman of the Executive Committee of the Palestine Liberation Organization, on the new year 1991.

They were conveyed today to Vice-Premier of the Administration Council and Foreign Minister Kim Yong-nam by Palestinian Ambassador to Korea Mustafa al-Brini.

The dear leader Comrade Kim Chong-il today received a basket of flowers and a congratulatory letter from Yasir 'Arafat on the new year 1991.

Kims Receive Gifts From Diplomatic Corps

SK3012123590 Pyongyang KCNA in English 1103 GMT 30 Dec 90

[Text] Pyongyang December 30 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, received baskets of flowers and congratulatory letters from the diplomatic corps and the military attaches corps here on the new year 1991.

They were conveyed today to vice-premier of the Administration Council and Foreign Minister Kim Yong-nam by Palestinian Ambassador Mustafa al-Safarini [name as received] who is doyen of the diplomatic corps and to Minister of People's Armed Forces O Chin-u by Chinese Military Attache Wang Dahui who is doyen of the military attaches corps.

The dear leader Comrade Kim Chong-il today received baskets of flowers and congratulatory letters from the above-said corps on the new year 1991.

Yang Hyong-sop Greets New Egyptian Speaker

SK2012123090 Pyongyang KCNA in English 1018 GMT 20 Dec 90

[Text] Pyongyang December 20 (KCNA)—Chairman of the Supreme People's Assembly Yang Hyong-sop sent a message of greetings to Ahmad Fathi Surur upon his election as speaker of the People's Assembly of the Arab Republic of Egypt.

Expressing the hope that the friendly and cooperative relations between the peoples of the two countries would grow stronger and develop, he wished the speaker great success in his work.

WPK Committee Sends Greetings to French Party

SK1712113990 Pyongyang KCNA in English 1009 GMT 17 Dec 90

[Text] Pyongyang December 17 (KCNA)—The Central Committee of the Workers' Party [WPK] of Korea today sent a message of greetings to the 27th congress of the French Communist Party.

The French Communist Party with a long tradition set it as its goal to build French-style socialism, fully democratic and self-governing, in the land of France and has striven for its realization, the message noted.

Saying that the party is waging a powerful struggle against the aggressive moves and war policy of the imperialists and for defence of world peace and security, it expressed support to and solidarity with it.

It stressed that the two parties have supported and cooperated with each other on the same road of the struggle to accomplish the historic cause of the working class and, in this course, their friendship bonds have been further tightened.

Convinced that the friendly and cooperative relations between the two parties would develop favourably in the future, too, in conformity with the ideas of independence, peace and friendship, the message wished great success to the congress and to the French Communist Party in its future activities to implement the resolutions of the congress.

Cooperation Expanding With Developing Countries

SK2912044390 Pyongyang KCNA in English 0403 GMT 29 Dec 90

[Text] Pyongyang December 29 (KCNA)—The Democratic People's Republic of Korea is actively striving to expand and develop cooperation with developing countries.

This cooperation is brisk in industry.

With the technical assistance of our country, modern printing shops, hydro-power stations, corn processing factories, pump factories and brickyards have been built in various countries including Benin, Guinea, Rwanda, Ethiopia and Tanzania.

These factories are the symbol of the cooperation between developing countries. They have evoked widespread repercussions upon people of various strata.

Addressing the ceremony for the completion of a corn processing factory built with the technical cooperation of our country, the minister of industry and handicraft of Rwanda said that the splendid factory which had been built under the care of the great leader His Excellency President Kim Il-song and with the sincere efforts and assistance of the Korean people would greatly contribute to the prosperity and development of Rwanda.

The cooperation between the DPRK and developing countries is gaining momentum in agriculture.

On the African Continent, to cite a few examples, the Kim Il-song Institute of Agricultural Science in Guinea, the Chollima Institute of Agricultural Science in Tanzania, the Zambia-Korea Friendship Experimental Farm in Chyanyana, the Loumbila Experimental Farm of Burkina Faso, the Chuche Experimental Farm of Ghana and other agricultural institutes and farms have been set up and the Maingalewa irrigation work of Mozambique-Korea friendship, the Bugarama irrigation work in Rwanda and Ziwai-Meki irrigation works in Ethiopia have been completed.

The cooperation between the DPRK and developing countries is being strengthened in construction.

In Burundi, Equatorial Guinea, Togo, Central Africa, Lesotho, Uganda, Burkina Faso, the Sudan, Sao Tome and Principe, Tanzania, Senegal and other countries well-furnished party congress halls, party schools, parliamentary and government buildings, schools, revolutionary monuments, theatres, youth and children's palaces, children's halls, museums and stadiums have been built with the technical assistance of our country.

Cooperation is also brisk in mass gymnastic display.

Mass gymnastic displays have been created with the help of Korean experts and won great admiration from public figures and broad masses in Ghana, Tunisia, Cape Verde, Senegal, Zimbabwe, Ethiopia, Guinea-Bissau, Rwanda and other countries.

The peoples of developing countries all over the world express their deepest thanks to the great leader President Kim Il-song who shows great concern for the strengthening and development of South-South cooperation and highly praise our country as a model of South-South cooperation.

KCNA Reviews 31 Dec NODONG SINMUN

SK3112071890 Pyongyang KCNA in English
0526 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—NODONG SINMUN today reports that the great leader President Kim Il-song sent educational aid fund and stipends to the children of Korean residents in Japan on the new year 1991.

Carried in the paper are reports that President Kim Il-song of the Democratic People's Republic of Korea received a floral basket and a congratulatory letter from Yasir 'Arafat, president of the State of Palestine, on the new year 1991 and he received baskets of flowers and congratulatory letters from the diplomatic corps and the military attaches corps here.

Dear Comrade Kim Chong-il sent a letter to the poets of the Korean Literary Production in reply to their letter. In this connection the paper gives a frontpage prominence to his autographic reply letter and the letter of the poets of the production.

Immortal classical works of President Kim Il-song were reported abroad, says the paper.

Given in the paper are accounts of meetings held at complexes in South Pyongan Province to carry through the highly important teachings of President Kim Il-song at the enlarged plenary meeting of the South Pyongan Provincial Committee of the Workers' Party of Korea on Dec. 24 and 25.

According to the paper, the Korean Documentary Film Studio released the documentary film "Always With the Party". The film epically shows through the sight of the party members and the working people throughout the country upon hearing news of the reply letter of Comrade Kim Chong-il to the party members of the second party cell of Department No. 5 of the Korean Central News Agency that the single-hearted unity of the leader, the party and the masses forming an integral whole is the glorious tradition of our people and unshakable revolutionary faith and will.

"The year 1990 in which our people advanced in single-hearted unity" is the title of a political essay of the paper. The political essay stresses that the single-hearted unity of Korea which fully demonstrated its might in the grand march of the first year of the 90s is the single-hearted unity of the leader, the party and the people who are firmly united ideologically and purposefully and in flesh-and-blood relations, the eternal and strongest single-hearted unity whereby they think, breathe and act alike on the road of revolution.

Under the block-letter title "Fruitful Year of March Replete With Great Achievements Gained Under the Leadership of The Party" the paper devotes one whole page to a photo-illustrated special write-up interwoven with articles on the shining successes achieved by our people in the revolution and construction this year.

Econews of the paper includes that the Yongsong General Machine Bureau fulfilled its assignment to manufacture 4,000 hp compressors as of Dec. 30 and the production of excavating equipment is stepped up at the May 10 General Works.

According to the daily, the Namibian president met with the DPRK ambassador.

Seen in the daily is a statement of the Central Committee of the League of Socialist Working Youth of Korea and the Korean Student Committee denouncing the No Tae-u group for fabricating and announcing one fictitious anti-communist case after another.

The daily reports that the U.S. imperialist aggressors staged aerial war exercises against the North.

South Korean news of the daily includes reports that the president of the Party for Peace and Democracy declared the traitor No Tae-u's "cabinet reshuffle" null and void and South Korean people strongly rejected the "unified channel of dialogue".

In a commentary, the daily denounces the traitor No Tae-u for bringing the traitor Chon Tu-hwan back to Seoul on December 30.

Printed in the daily are what foreigners said in praise of the advantages of our socialist system and of the superiority of our educational system.

It is reported in the daily that Japanese people of all strata demanded an early establishment of diplomatic relations between Japan and the DPRK, the 17th session of the Standing Committee of the 7th National People's Congress of China was held and that Comrade Nguyen Van Linh, general secretary of the Central Committee of the communist party of Vietnam, declared the Vietnamese people and army would unyieldingly advance along the road of socialism under any circumstances.

The daily observes the 32nd anniversary of the victory of the Cuban revolution and the 26th anniversary of the start of the Palestinian revolution.

It deals with the economic briefs from Egypt, Zimbabwe, Algeria, Malaysia, Nigeria, Colombia, Ecuador and Pakistan.

It runs an article about the powerful advance of the peoples of southern Africa along the road of independence, sovereignty, peace and progress.

Kim Chong-il's Reply Letter to Poets Printed

SK3112110990 Pyongyang KCNA in English 1038 GMT 31 Dec 90

[Text] Pyongyang December 31 (KCNA)—NODONG SINMUN today carries a reply letter sent by dear Comrade Kim Chong-il to the entire staff of the Korean Literary Production on December 27 and the letter sent to him by poets of the production.

The reply letter reads:

"All comrades of the Korean Literary Production!

I wish you a happy new year.

I hope you will be an eternal companion, a faithful helper and a good adviser in the building and activities of our party.

[Dated] December 27, 1990

[Signed] Kim Chong-il"

In their letter dated December 25 the poets of the Korean Literary Production wrote that this year alone Comrade Kim Chong-il gave personal guidance in some 100 poems and words of songs written by poets and stressed that his trust and love are precisely the motive force and the inspiring banner in the creative activities of our poets. Noting that it is our people's will and conscience to overcome difficulties, entrusting their destiny entirely to the party, they expressed their determination to take the lead in bringing our people's mounting spirit of unity into full play, deeply aware of their noble duty befitting poets of the party and the people.

They resolved to become the trumpeter of the march singing of the greatness of our party and the indestructible, singlehearted unity of our people rallied steel-like behind our party and devote their whole life to the accomplishment of the cause of chuche, following the party no matter what way the wind may blow.

However desperately the enemy might try, socialism of our style has emerged victorious this year, too, they said, and stressed: In the 1990s and 2000s, too, victory is always in store for us who uphold the red flag.

Professor Who Defected to North Interviewed

SK3012112590 Pyongyang KCNA in English 1030 GMT 30 Dec 90

[Text] Pyongyang December 30 (KCNA)—A South Korean university professor Yi Tong-yun who came over to the northern half of Korea some time ago was interviewed by home and foreign reporters here on December 29.

Yi Tong-yun, 65, hailing from Songchon County, South Pyongan Province, went to Seoul to study right after the liberation. After he graduated from a college he tried to come back soon to his native home, but 45 years after the territory was divided by the 38th parallel.

Referring to the motive of his coming over to the North, he said that while studying in Paris, he got the "Selected Works of Kim Il-song" at an international book exhibition and read them far into the night every day and in this course he was captivated by the great chuche idea, the outstanding and unique idea which runs through the selected works.

He stressed that he had since read with more avidity "Works of Kim Il-song" and works of the dear leader Mr. Kim Chong-il, which convinced him who majored in history that capitalism goes to ruin and socialism is sure to emerge victorious, and that he made up his mind to deeply respect and follow the great president Kim Il-song.

He said he was divorced by his wife, a hysteric believer, and his two daughters were lost, and he hardened his determination belatedly to follow President Kim Il-song, and succeeded in coming into the bosom of the DPRK via the third country.

Referring to the misconduct and U.S.-toeing policy of the traitor No Tae-u, he pointed out:

The South Korean people call No Tae-u a "son-in-law of the United States". This means he has an American woman as a paramour and he is a traitor serving the United States. A country had used to pay the stationing expenses of its troops in other country, but it's diametrically different in South Korea. The share of South Korea for the upkeeping expense of the U.S. forces were around 1,900 million U.S. dollars a few years ago and steadily increased after No Tae-u came into power to reach 2,200 million U.S. dollars last year.

He branded No Tae-u as a traitor to the nation who thinks little about the interests of the nation and seeks the permanent division of the country in compliance with the U.S. Asia policy.

Pointing to the prospect of the development of the struggle of the South Korean students, he noted:

The ruling quarters are appeasing students, threatening them and taking them away to prisons in a bid to stifle their struggle, but their struggle will gain further momentum in future, I think.

It seems that something will break out before May next year.

I am convinced that perhaps the fate of the No Tae-u "regime" will not last till may next year.

I highly appreciate the fervent fighting spirit of woman student Yim Su-kyong, the "flower of reunification," who participated in the 13th World Festival of Youth and Students as the delegate of the patriotic one million students in South Korea and shouted at the top of her voice "the motherland is one". I expect that South Korean professors and patriotic-minded students will develop the anti-American struggle and the struggle against the "Sixth Republic" dictatorship into nationwide ones.

I will hold in high esteem the great President Kim Il-song and the dear leader Mr. Kim Chong-il and devote all my knowledge and energy to national reunification and the prosperity of the nation.

South Korea

No Seeks To 'Alleviate' U.S. Misunderstanding

SK3012002490 Seoul THE KOREA TIMES in English 30 Dec 90 p 1

[Text] President No Tae-u has called for intensive efforts to alleviate the United States' "misunderstanding" of the austerity campaign here, which has aggravated trade friction between the two friendly countries.

No contended that the United States "does not know the real motive behind the campaign because of a lack of communication," according to a senior secretary at Chongwadae yesterday.

No expressed his deep concern about the situation which is causing strained relations with the United States, especially in the field of trade, during a lunch meeting with leaders of the ruling Democratic Liberal Party [DLP] at Chongwadae.

"Our campaign to restrain consumption is being understood by the United States as a move to boycott US goods," Son Chu-hwan, senior presidential secretary for political affairs, quoted No as saying.

The Chief Executive instructed the DLP to strengthen its diplomatic activities to help ease the trade conflicts and consolidate the traditionally amicable ties between Seoul and Washington, Son said.

As an initial action, members of the DLP's "Uruguay Round task force" will soon visit the United States to explain Korea's position to U.S. government and congressional leaders, the new presidential aide said. The team will be led by Rep. [representative] Han Sung-su, a former trade-industry ministry.

The President also told the party leaders to increase contacts with leading American figures in Seoul, such as embassy staffers and members of the American Chamber of Commerce to help them correct their misunderstanding of Korea's situation.

The party leaders are executive chairman Kim Yong-sam, and co- chairmen Kim Chong-pil and Pak Tae-chun.

"We are now spending as if our per capita income is $10,000, although it in fact averages $5,000. If this spending spree continues, we will be unable to maintain our current per capita income of $5,000 and we will not be capable of buying U.S. goods," the President stressed.

The President's instruction follows a U.S. warning of a possible retaliation against South Korea.

U.S. Trade Representative Carla Hills yesterday warned South Korea that the United States would retaliate if Seoul did not end its "public campaign to shun Western imports."

In an interview Saturday in Washington, Mrs. Hills said the U.S. "would withdraw concessions which would otherwise be available to the Koreans" if Seoul does not end the drive.

She did not elaborate on what concessions could be withdrawn.

The hawkish U.S. trade representative criticized that South Korea is adopting a policy to restrict imports, while other countries are trying to expand trade.

She claimed that Seoul was less cooperative for the past one year than in the previous years.

She also claimed that opening the market, irrespective of the domestic economic situation, is the right policy.

Mrs. Hills also criticized Japan for not doing enough to help unblock global trade talks which were suspended recently.

Deputy Prime Minister Yi To Visit U.S. in Feb

SK3012012590 Seoul THE KOREA HERALD in English 30 Dec 90 p 1

[Text] Deputy Prime Minister Yi Sung-yun will visit the United States as a special presidential emissary in early February to help resolve the worsening trade friction between Seoul and Washington, a ranking government official said yesterday.

Yi, who also serves as economic planning minister, will explain Seoul's import liberalization policy to U.S. congressional and administration leaders, the official said.

"Trade disputes between the two countries are becoming aggravated despite concessions on our part and our efforts to clear misunderstanding," he said. He added U.S. officials misunderstood Korea's frugality campaign.

The government sent former Deputy Prime Minister Cho Sun to Washington earlier this month as part of efforts to settle trade disputes between the two countries.

Seoul also made concessions during a recent trade meeting of working-level officials from the two countries, the official noted.

Yi is expected to visit the United States for six days from Feb. 4, following his trip to Switzerland where he will attend an international conference of economic leaders opening Feb. 1, according to the official.

Fact-Finding Mission Team Sent to Gulf

SK2912053290 Seoul YONHAP in English 0509 GMT 29 Dec 90

[Text] Seoul, Dec. 29 (YONHAP)—The government sent a six-man team to the Persian Gulf Saturday on a fact-finding mission as the tension there further escalates, the Foreign Ministry said.

The team, headed by Yi Hae-sun, director-general of the Ministry's Middle East and African Affairs Bureau, and composed of officials from the Economic Planning Board and the presidential office, will stay in Saudi Arabia until Jan. 9.

It will also discuss ways to support frontline countries suffering from an embargo on Iraq, the Ministry said.

In a related move, the government will also call a meeting in Saudi Arabia of Korean diplomatic mission chiefs stationed in the region Jan. 6-7 to discuss developments there, it said.

Attending the meeting will be ambassadors from Saudi Arabia, Oman, Bahrain, Qatar, United Arab Emirates, Kuwait and Yemen.

Ministry Says SOFA Negotiations To Conclude

SK2512022490 Seoul YONHAP in English 0145 GMT 25 Dec 90

[Text] Seoul, Dec. 25 (YONHAP)—South Korea and the United States will wrap up two years of negotiations on revision of the Status of Forces Agreement (SOFA) Wednesday, a senior Foreign Ministry official said Monday.

"As a result of working-level contacts, the two governments have come to agreement in general," he said. "Foreign Minister Choe Ho-chung and U.S. Ambassador to Korea Donald Gregg will exchange a memorandum of agreement on revising SOFA before the end of the year if the two sides successfully complete the last-minute negotiations."

Korean jurisdiction over crimes committed by U.S. servicemen in Korea, which has been one of the thorniest issues in the discussions, may be greatly strengthened as both sides have agreed in principle to correct article 22 of SOFA, which virtually blocks the exercise of jurisdiction by Korean authorities.

Article 22 states that primary jurisdiction for crimes by U.S. soldiers in Korea resides with the Korean Government, but that it automatically reverts to U.S. military authorities unless the Korean government notifies the U.S. side of its intention to exercise jurisdiction in writing.

Gregg's Meeting With Three Kims Analyzed

SK2512090590 Seoul CHOSON ILBO in Korean 25 Dec 90 p 1

["Manmulsang" column]

[Text] "Ambassadors are the eyes and ears of a nation," wrote Francesco Guichialdini [name as published]. Ambassadors in ancient times were diplomatic spies in all but name. Reports sent to the home country by British ambassadors to Paris during the 17th century are valuable data for the student of history even now.

One of the British ambassadors during the 17th century remarked that "ambassadors are usually honest men who are sent to foreign countries with a mission to speak lies for the sake of his country's interest."

Modern ambassadors are greatly different from their predecessors in the nature of their mission. However, one thing that has not changed is that they still serve as the spokesman for their national interest. The appreciation of their service varies.

"Ambassadors are helpful only in fair weather. When it rains, they drown in the water," remarked De Gaulle, who had a very low opinion of the ambassador's role. True, today's ambassadors have limited workloads. They even lack power.

Some ambassadors do make a difference. When Mansfield, an elder U.S. politician, was U.S. ambassador to Japan, he did not heed the U.S. State Department at all. Japan's treatment of him was better than for an ambassador. It may have been due to the fact that Japan and the United States did not have trade friction between them at that time.

U.S. Ambassador Gregg has recently met with the three Kims in succession. It may have been inevitable for him to meet with these political leaders to win their sympathy and appeal to them on behalf of his country's national interest. The three Kims, too, did not have any reason to avoid meeting with a foreign envoy when the latter asked for a special interview with them. However, the fact that they met at the ambassador's residence makes us uneasy. Their gutless act of responding to the ambassador's invitation to a dinner appears to be somewhat damaging.

Insignificant misunderstandings lead to conflicts. People fall out with each other over a casual slip of the tongue. The same is true of relations between countries. Once a man is perceived to be contemptible, everything he does angers the other person who despises him. If this is the case, each should take special precautions to avoid angering the other. The more so for those in the leadership of countries.

North Withdraws Application To Host G-77 Meeting

SK2912072490 Seoul YONHAP in English 0607 GMT 29 Dec 90

[Text] Seoul, Dec. 29 (YONHAP)—The possibility of the foreign ministers of South and North Korea staging their first ever talks together vanished on Saturday, when North Korea dropped its bid to host a ministerial conference of the Group of 77.

A South Korean Foreign Ministry spokesman said North Korea had officially informed Mongolia, Asian region president of the international body, that it was withdrawing its application to host the G-77 session in May.

The foreign ministers had been expected to hold talks during the session in Pyongyang for the first time since 1945.

North Korea reportedly backed out because it will host the General Assembly of the Inter-Parliamentary Union between April 29 and May 4, he said.

No Foresees North Summit, PRC State Visit

SK2912125190 Seoul YONHAP in English 1215 GMT 29 Dec 90

[Text] Seoul, Dec. 29 (YONHAP)—President No Tae-u said Saturday that he believes North Korea would agree sooner or later to the holding of an inter-Korean summit in connection with its bid to secure support from the outside world.

"I cannot pinpoint the date now, but I think we will be able to have a South-North summit in the not distant future," No said in a year-end special interview with MBC-TV [Munhwa Broadcasting Cooperation]. The chief executive made the remarks, saying, "North Korea seems to have come to perceive the necessity of the summit."

He also said, "The Soviet Union and China are not in a position to continue supporting North Korea and it will be necessary for Pyongyang to seek dialogue with Seoul and even summit talks to obtain external cooperation."

Touching on South Korea's relations with China, No said he believes Seoul would be able to normalize relations with Beijing "in the foreseeable future" and that he hopes to make a state visit shortly thereafter.

Asked if his recent naming of 54-year-old Ro Chae-pong as prime minister has anything to do with an initiative at shift in generation of the political leadership, he said, "It would be rash to associate his selection with such a shift simply because the new prime minister is younger than his predecessors."

He added, "A shift in generation will never be accomplished by the intention of a few people. I think it will be made only by the whole nation and the history."

No said the nation underwent a historic turning point of democratization in all fields over the past three years.

The top executive said he would meet "for sure" with his disgraced predecessor Chon Tu-hwan if he returns from Paektam Temple Sunday, ending his self-imposed two-year exile. Chon and his wife are to return to Seoul Sunday.

No reiterated his vow to eradicate real estate speculation, saying, "the government will never back down in its fight against speculative transactions of real estate assets. The business conglomerates will be instructed to sell off their nonbusiness-purpose real estate holdings if they prove to be owning them. "

No Instructs Cabinet To Improve N-S Ties

SK2912005090 Seoul THE KOREA HERALD in English 29 Dec 90 p 2

[Text] President No Tae-u yesterday instructed the new cabinet to formulate policies to bring about improvements in inter-Korean relations on the basis of the progress made in northern diplomacy, Chongwadae announced. "Our diplomatic achievements such as the opening of diplomatic ties with the Soviet Union should lead to firmer national security and changes in inter-Korean relations," No was quoted as telling the cabinet members. South and North Korea are scheduled to hold the fourth round of premiers' talks in Pyongyang in February.

The President was presiding over the first cabinet session since a cabinet reshuffle Thursday which replaced the prime minister and 10 ministers. No asked the ministers to step up efforts to ensure social and economic stability, while stressing that his "war on crime and violence" declared Oct. 13 should continue.

Regarding coming local council elections, the President demanded stern measures against illicit campaigning and other irregularities. "We should use all possible means to ensure fair elections," No was quoted as saying. "Rigged elections would result in seriously undermining a foundation for our continued democratic development and economic growth." He ordered that those found involved in election irregularities be sternly dealt with in accordance with relevant laws, regardless of their position.

The President asked members of the new cabinet to carry out major tasks with a "sense of mission" and in close cooperation with ministries. "Cabinet ministers should not be afraid of facing social conflicts, but try actively to solve them by accommodating as diverse views as possible," No said. No asked Prime Minister No Chae-pong to push major government policies consistently and effectively by pooling the wisdom of the cabinet members and the people.

The President called on Deputy Prime Minister-Unification Minister Choe Ho-chung to work out comprehensive measures to help bring about changes in inter-Korean relations. He also stressed the nation should be well prepared to cope effectively with any changes in Communist North Korean society.

Deputy Prime Minister Yi Sung-yun, who also serves as economic planning minister, was asked to continue efforts to maintain price stability and reinvigorate manufacturing businesses.

Ministry Seeks To Expedite Panmunjom Crossings

SK2112011690 Seoul YONHAP in English 0042 GMT 21 Dec 90

[Text] Seoul, Dec. 21 (YONHAP)—The Justice Ministry wants to open up crossing point in the heavily fortified border with North Korea for foreigners and overseas Koreans at the truce village of Panmunjom, Ministry officials said Friday. The officials said the Ministry intends to amend the law governing immigration control to that effect.

Currently, the law bars foreigners and overseas Koreans from crossing the border even if they have an entry visa and they have to travel from one Korea to the other via a third nation. The Ministry is thinking of setting up a customs post at Panmunjom, the only place for South and North Koreans to meet or cross the border for talks or exchanges. South Korea sees it as a way to expedite personnel exchange and wants the North to open an office at the border to handle entry visas, the officials said. In addition, they said punishment of illegal aliens will be increased because their numbers are increasing sharply.

Designation of Korean Senior MAC Member Viewed

SK2712070890 Seoul SEOUL SINMUN in Korean 27 Dec 90 p 2

[Editorial: "The Need To Establish New Status of the Present Military Armistice Commission (MAC)"]

[Text] In the three rounds of North-South High-Level Talks held this year, the "nonaggression" question was discussed more deeply than ever before in an effort to alleviate tension on the Korean peninsula. The "nonaggression" question, though no agreement was reached in its discussion, was dealt with in a positive and forward-looking manner. This corroborated once again the fact that detente on the Korean peninsula is so vital in the era of international reconciliation and that the parties concerned who should settle this issue are inevitably and precisely the authorities of the North and South.

North and South Korea alike have made clear that neither of them is capable of waging a war and that they have no intention to conquer the other side with the use of force. In this context, the recent decision by the ROK and the United States to replace the present senior member of the UN forces side to the MAC, who is a U.S. general, with an ROK Army general in January 1991 is indeed a natural and reasonable decision which accords with the principle that the military question of the Korean peninsula should be solved by the parties concerned themselves. This can be construed as a forward-looking change under the present armistice structure.

The decision to replace the present senior member of our side to the MAC with an ROK Army general was already agreed upon in the ROK-U.S. defense ministers' talks last November. We do not think the North Korean side will oppose this decision. Whenever time has presented itself North Korea has claimed that the military question of the Korean peninsula should be settled directly between the North and South and through dialogue without the intervention of such foreign forces as the United States and China. We know that the North Korean side's far-fetched insistence in the adoption of a nonaggression declaration in the North-South High-Level Talks proceeded from such a logic. Therefore, at the talks our side did not oppose the issue of adopting a nonaggression declaration itself. The principle that the military question of the Korean peninsula should be settled by the parties concerned is only too natural in view of the aspect of the self-determination of the nation. We also see that there is no reason whatsoever for us to oppose "a nonaggression" itself.

However, in the North-South High-Level Talks our side's firm stand in dealing with the "nonaggression" question was that objective prerequisites for guaranteeing the nonaggression—such as the reduction of offensive military troops and equipment, the establishment of a system to thoroughly inspect this, the mutual exchange of military intelligence, the mutual exchange of observation teams during military exercises, the opening of a military hot line, and the building of political and military confidence between the North and South through the establishment of institutional devices—should be provided. For this purpose, of course, dialogue, exchange, and cooperation between the authorities of the North and South and between civilians should be briskly carried out.

North Korea's opposition to replacing the senior member of the UN forces side to the MAC with an ROK Army general has been based on the ground that South Korea was not a signatory party of the Armistice Agreement. However, 37 years ago, in July 1953 South Korea opposed the ceasefire under the divided state of the Korean peninsula, and the Armistice Agreement was signed by the representatives of the UN Forces, the North Korean Army, and the Chinese volunteers, with the ROK side being absent. Therefore, North Korea should have a correct perception on such a historic background in the past and today's reality.

We strongly hold that the present unrest and incomplete armistice structure be turned into a more stable and peaceful structure. North Korea has refused all forms of "peaceful coexistence" under the pretext of opposing "two Koreas." However, we hold that if we live up to the spirit of "nonaggression" it is not impossible for us to turn the present Armistice Agreement into a peaceful agreement.

In light of the present atmosphere of brisk North-South dialogue and exchange, we believe that the time has come for us to earnestly discuss the matter on turning the Armistice Agreement into a peaceful agreement. The appointment of an ROK Army general as the senior member of our side to the MAC also accords with the independent national defense spirit of defending one's country with one's own strength. Our independent national defense aims at building a defensive posture, not an offensive posture. Our independent national defense is necessary to protect ourselves from any surprise attack and, furthermore, to prevent a war.

Former President Chon Tu-hwan Returns to Seoul

SK3012053090 Seoul YONHAP in English 0508 GMT 30 Dec 90

[Text] Seoul, Dec. 30 (OANA-YONHAP)—Former President Chon Tu-hwan and his wife Yi Sun-cha returned to Seoul Sunday afternoon, ending 25 months of self-imposed exile at a Buddhist temple.

Escorted by body guards and close aides, the Chon couple arrived at their private residence in Yonhui-tong, western capital, around 2 p.m.

Thousands of riot troop encircled the area to prevent demonstrations and seal off all entry by journalists and outsiders. The Chons had left the same house on Nov. 23, 1988, after publicly apologizing for power abuse and mass corruption during his seven-year presidency that ended in 1987.

They sought monastic refuge at the secluded at the Paektam Temple some 150 kilometers northeast of Seoul, spending their days in prayers with monks and temple visitors.

"Today, I decided to leave the Paektam Temple and go back to Seoul," Chon said in a statement released just before he left the temple at 9 a.m.

"The decision was made after careful consideration of President No Tae-u's recommendation for my return within the year, opinions of ruling and opposition leaders as well as public opinions and advices," he said.

"I will now live on with the memory of the day in February 1988 when I became an ordinary citizen after the country's first peaceful transfer of power," Chon added in ending the statement.

Chon, a former general who seized power after a military coup in 1980, has been accused of amassing fortune and tyrannical abuse of power during his iron-fisted rule. His close relatives, including his older, younger brother and brother-in-law, were all convicted on various corruption charges, including influence- peddling.

Chon also appeared before a National Assembly hearing in December 1989 to testify on 125 questions on the bloody 1980 Kwangju civil uprising and Fifth Republic scandals.

President No Tae-u, Chun's classmate from the Korea Military Academy who helped Chon ascend to power, had been strongly urging his disgraced predecessor to resume life in Seoul again by year-end, before his 60th birthday in January.

The ex-presidential couple appeared smiling and waving at the temple entrance heavily surrounded by body guards, bowing and shaking hands with the monks and villagers.

Chon posed for photographers for a few minutes and had to struggle his way to the waiting sedan out of hundreds of flocking reporters. The couple then left for a five hour ride to Seoul.

The couple held a dawn prayer and another prayer just an hour before they were to set off Sunday morning. Their last night at the temple were spent with family members and associates from the Fifth Republic.

President Urges 'Great Strides' in New Year

SK3112035590 Seoul YONHAP in English 0249 GMT 31 Dec 90

[Text] Seoul, Jan. 1 (YONHAP)—South Korean President No Tae-u, in his New Year's message to the nation, called Tuesday for a year of great strides toward democracy, prosperity and national reunification by pooling the wisdom and strength of all the Korean people.

"We must construct a country of democracy full of freedom and creativity, a country of prosperity in which all people enjoy a happy life and a country of national reunification in which 70 million brethren live without a fence this century," No said.

"Local elections to be carried out in the spring will be a test of our democratic development and we have to cement a solid basis of genuine democracy, emphatically objecting to injustice and disorder," he said, adding that the year should see Korean democracy enhanced further with the efforts of the people.

No said 1991 ought to be a year of reviving the economy on the basis of stable commodity prices, wages and industrial relations, and called on the public to look squarely at the challenges.

Predicting a turning point in inter-Korean relations amidst rapid changes in the regional political situation, No said, "as the paths to Moscow and Beijing are open to us, forcing North Korea to open its doors in the midst of a reorganization of the international order, we should advance the day of peace and national reunification on the Korean peninsula by wisely riding on the wave of change."

YONHAP Details Outlook for 1991

Outlook for Diplomacy

SK2912024990 Seoul YONHAP in English 0138 GMT 29 Dec 90

[By Kim Hung-suk]

[Text] Seoul, Dec. 29 (YONHAP)—The decades-old cold war is nearly over and the heated arms race between the East and West was ended by the Paris Conference on Security and Cooperation in Europe, but East Asia has yet to assent in the death of the notorious Yalta accord.

Signs are abundant of the collapse of the 45-year-long cold war on the Korean peninsula, but clinical proof is called for to ascertain if a new order has arrived in this part of the world as it has in Europe. Seoul and Moscow pushed Asia-Pacific nations to faster assess the new political picture in the region and how they will adapt to it with their summits in June and December, but it has yet to be seen if the "diplomatic coup" will serve their mutual interests.

To the apparent dismay of the United States, Presidents No Tae-u and Mikhail Gorbachev agree on many critical points, notably the need for a collective security system in Asia, which Washington has repeatedly disapproved of for reasons of its foreseeable failure.

"In evaluating the various suggestions for a new security mechanism for East Asia, we should recall the unsuccessful history of collective defense arrangements in the region since 1945," Richard Solomon, U.S. assistant secretary of state for East Asian and Pacific affairs, said in an address to the University of California at San Diego on Oct. 30.

He said a diminution in the U.S. security commitment to the region would likely create "uncertainty" and "open spaces" that other major powers would be tempted or compelled to fill.

In a joint declaration on general principles of relations, as the "Moscow Declaration" issued at the end of their summit in Moscow is properly known, No and Gorbachev virtually eliminated the threat of another Korean war by agreeing not to use force as a means of resolving disputes in the region.

They declared the "inadmissibility of the threat or use of force, of providing one's own security at the expense of other states, and of settling international controversies and regional conflicts by any means other than reaching political agreements on the basis of reasonable consent by all the parties concerned."

Even if another Korean war seems most unlikely, as Robert Scalapino, director of the Institute for East Asian Studies of the University of California at Berkeley, says in a recent issue of "FOREIGN AFFAIRS," the Gulf between the two Korean Governments is hardly narrowing on fundamental issues regarding reunification.

Accelerating South Korea-Soviet relations are expected to facilitate Seoul-Beijing ties despite the Chinese policy of discreet diplomacy and will let the always pre-emptive Japan move eagerly towards North Korea.

For North Korea, however, the wind of reconciliation blowing between South Korea and the two communist giants may not be very sanguine and not a few experts warn that North Korea may sink deeper into isolationism.

All in all, structural changes are inevitable in the confrontation propped by bilateral alliances between Seoul and Washington, and Washington and Tokyo, and the tripartite allegiance of Pyongyang, Beijing and Moscow.

If South Korea is lucky, the changes will serve as a catalyst in opening up North Korea, undisputably one of the most closed regimes in the world with the longest-ruling communist dictator.

North Korea has shown signs of change during 1990, but rather on a superficial level, and Scalapino says the United States should encourage North Korea to come out of isolation.

"In close collaboration with the South Korean Government, moreover, the United States should develop a timetable for troop reduction and reposition in South Korea, making it clear to the North that Washington's basic security agreement with Seoul will remain intact and that the timing and extent of troop reductions will relate to progress in reducing military and terrorist threats from the North," he says.

Korea experts say the breakdown of the existing security system in Asia-Pacific is eloquently proven by the Soviets demanding that North Korea pay hard currency for its crude oil (40 percent of North Korea's crude comes from the Soviet Union) and the mounting U.S. pressure to further open up South Korean and Japanese markets.

This reasoning is quite plausible when Solomon's argument is taken into consideration. He stressed in an Oct. 30 speech that economic progress rather than defense issues is the basis for regional integration and said the Asia-Pacific Economic Cooperation (APEC), a fledgling organization of 12 members, was capable of building "shared benefits through economic expansion."

The experts say the volatile state of East Asia may not be as positive a picture as South Korea yearns for as a grave disparity exists in the policies of the United States and the Soviet Union, which have a lingering, if weakening, influence in the region.

For one thing, the Soviet Union is most eager to cut the naval forces of the United States and Japan in this part of the world by riding the wave of new detente, but the United States is most reluctant to go along with the Soviet wish.

"One problem we have with contemporary proposals for naval arms control is that they seem to be based on the assumption that the U.S. military presence in the Pacific is a source of tension. Neither we nor the vast majority of countries in the region, however, believe this to be the case. Indeed, there is a broad consensus in East Asia that a continuing U.S. security presence is an essential ingredient of regional stability," Solomon said.

China has been trying to show the world that its commitment to the alliance with North Korea is solid for all the rapid warming between Seoul and Moscow, but experts predict it will demand North Korea join the tide of changes and opening like other socialist countries.

China is most likely to take an "equi-distant" policy toward the Soviet Union and the United States, closely watching the development of relations between South Korea and the Soviet Union, and North Korea and Japan, the experts say.

Outlook for Trade With East Bloc

SK2912030390 Seoul YONHAP in English 0156 GMT 29 Dec 90

[By Kim Hyong-kun]

[Text] Seoul, Dec. 29 (OANA-YONHAP)—Ambitious South Korean businessmen hope that their nation's young but potent economy can charm socialist nations into partnerships that will vault them into the 1990s, just as the Vietnam war and Middle East construction boom in the late 1960s sent them roaring into the 1970s.

Nordpolitik, the name for the diplomatic courting of communist nations that began in 1988, is expected to create special demand for the Korean economy, which saw three years of trade surpluses vanish in 1990 amid a swirl of soaring oil prices and rising global trade barriers.

Normalization, initiated by the establishment of diplomatic ties with Hungary in February 1989, not only provides Korean capitalists with new markets but also gives them access to high technologies and some raw materials at more competitive prices and conditions than extended by Japan and the United States.

Hungary was followed by Poland, Yugoslavia, Czechoslovakia, Bulgaria, Mongolia and Algeria, and the nation's global parade of diplomatic contracts led finally to the Soviet Union, an exchange of trade offices with Beijing and President No Tae-u's visit to Moscow for a summit with President Mikhail Gorbachev in December.

The rising economic inter-dependence of Korea, the Soviet Union, China, Vietnam and East-Bloc countries can contribute to defusing trade pressures from advanced countries, improving the chronic Korea-Japan trade deficit and streamlining the nation's trade structure.

It goes without saying that the political courtship was really the handmaiden of fervent economic and national interests, which overwhelmed ideology and broke the ice for global rapprochement.

Korean businesses jumping on the nordpolitik bandwagon should be prudent in seeking bonanzas in those nations as they are not free of their socialist economic systems and political conflicts. Most of them also have a payment problem due to the lack of hard currency, economic analysts say.

The government should ensure Korean businesses are well informed by providing free information and statistics rather than taking the exclusive initiative in promoting economic exchanges, they say.

Optimism prevails among the suitors as far as economic exchanges with those countries are concerned as exports have begun to gradually increase since nordpolitik was introduced.

Total exports to communist nations in 1991 are projected at 3.025 billion dollars, or 4.5 percent of total exports, compared with 2.473 billion dollars (3.9 percent) projected for this year and 1.94 billion dollars (3.1 percent) in 1989.

Some analysts have predicted that exports will exceed 10 percent of the total in the near future, as Korea and the East-Bloc nations make a good couple for mutual profits in supplying each other what they most need.

Other optimists in government and private organizations such as the Korea Foreign Trade Association predict exports to the Soviet Union will soar to 804 million dollars in 1991, up 65.8 percent from 485 million dollars in 1990, and that in 1995 trade between the two nations will total 10 billion dollars.

China, which has yet to open diplomatic ties with Seoul, surfaced as Korea's fourth largest trading partner in 1990 with two-way trade of 3.5 billion dollars, up from 3.1 billion dollars the previous year. Since 1977, the two nations have engaged in direct trade.

Korean exports to China are forecast to increase 10 percent to 1.601 billion dollars in 1991 from 1.46 billion dollars and the high growth rate is likely to continue.

Vietnam, another nation that lacks diplomatic ties with Korea, will boost imports from Korea 34.9 percent in 1991 to 123.6 million dollars from 91.6 million dollars, the second highest growth rate after the Soviet Union. Vietnam is offering Korean businesses abundant raw materials and resources.

Advances either in the form of joint ventures or 100-percent investments are still meager, but they provide bigger potential than bilateral trade for Korean capital and production know-how and the abundant raw materials and dependable work forces in the socialist nations could guarantee a happy future for capitalism.

Korean investment in the Soviet Union is still sluggish with four projects approved by the Korean Government and three under consideration, but a speed-up is on the way as various economic agreements, including one on protection of investment, were signed during No's visit to Moscow earlier this month.

With China, such economic agreements as prevention of double taxation have yet to be signed but the prospects for small- and medium-sized investments is rosy as the investment circumstances, including the question of visa extension, are likely to improve soon thanks to the exchange of trade offices.

As both the Soviet Union and China possess advanced knowledge in basic and state-of-the-art science and technology, Korea's joining hands with them to produce consumer goods will bring not only mutual profit but invisible benefits for Korea.

The Soviet Union has asked Korean businesses to help convert factories turning out military items to production of consumer goods, and the transfer of Soviet technology will take a more concrete form on the conclusion of an agreement on science and technology cooperation.

With China, cooperation is much likely in processing agricultural and livestock products, pharmaceutical goods, construction materials, new materials and machinery equipment. Under a Chinese Government plan, China selected 150 goods to develop in 1987-1990. Investment advances will be active, however, and Hungary is considered the best candidate because of its relatively good investment circumstances.

On the whole, whether the Korean economy can give birth to another economic miracle in the 1990s out of its marriage to socialist nations is the greatest challenge in its four decades of industrialization and much harder than the easy courtship.

Outlook for Korean Ties

SK2912033090 Seoul YONHAP in English 0214 GMT 29 dec 90

[By Kim Min-chol]

[Text] Seoul, Dec. 29 (YONHAP)—"Though we cannot say the prospects for inter-Korean dialogue are rosy, optimism is an odds-on favorite against pessimism," according to an official of the National Unification Board.

His view of inter-Korean relations takes heart from favorable factors in the international situation around the Korean peninsula and from demands in North Korea for openness.

Normalization of diplomatic relations between Seoul and Moscow and improving relations between Pyongyang and Tokyo certainly alleviated tension on the Korean peninsula, analysts say.

Pyongyang cannot rely on Soviet support for its military adventurism any longer as South Korean President No Tae-u and Soviet President Mikhail Gorbachev agreed on Dec. 14 in Moscow that the threat or use of force to settle international disputes and regional conflicts was inadmissible.

Diplomatic sources say North Korea took a positive attitude in preparatory contacts with Tokyo because it hopes to get a lot of economic support from Japan.

North Korea's economy will worsen in the future, pushing it to take a pragmatic attitude in inter-Korean dialogue, and the secret acceptance of 800 tons of rice from a South Korean church group in July indicates that the outlook for inter-Korean dialogue is hardly bleak, the analysts say, although the North said recently it would return the grain early next year on ground that South Korea renegued on its promise to keep the donation secret.

In particular, technocrats around North Korea's No. 2 man, Kim Chong-il, support perestroyka and apparently want North Korea to open up, so they will push for Pyongyang to change its stance in inter-Korean dialogue, analysts say.

Pyongyang may accept Seoul's idea that unification should be pursued step by step. If it does, relations will improve more rapidly than expected.

If the two sides overcome mutual distrust through their high- and low-level contacts, there will be an agreement in 1991 on military and political issues as well as family reunions and economic exchanges.

North Korean reporters visiting Seoul for the soccer match in October expressed fear that the South might try to topple their communist system through personnel and material exchanges using its economic superiority.

Seoul, in turn, is concerned that conclusion of a non-aggression pact in accordance with Pyongyang's demand will lead to a demand for the removal of all 43,000 U.S. troops stationed in South Korea, which is seen as part of the North's consistent strategy to communize the South.

The proposals in the premier's talks are fundamentally the same, both talking about mutual respect, non-interference in the other side's internal affairs and arms reduction.

Of course, the next round of premiers' talks in February might not take place as that is when the annual South Korea-U.S. joint military exercise "Team Spirit" is to take place.

The North says that the "offensive" drill should be scrapped, though the South insists it is purely defensive.

April may be another difficult period for South-North Korean dialogue as the South might apply for membership of the United Nations.

North Korea wants to share a U.N. seat, but Seoul insists on simultaneous and separate membership in the world body.

Changes in North Korea's elite group will mar inter-Korean relations in the short term, analysts say.

Northern leader Kim Il-song's unprecedented bid to transfer power to his eldest son, Kim Chong-il, carries the seeds of internal revolt.

Nonetheless, sweeping changes in the situation around the Korean peninsula and demands of openness in North Korea along with South Korea's unswerving attempts for peaceful co-existence give Korean watchers the grounds to make rosy predictions of an improvement in inter-Korean relations.

Small but steady progress in dialogue will lead to a summit, perhaps in 1991, between No Tae-u and Kim Il-song to discuss "sensitive" questions. Only the paramount leaders of the two governments can sign a non-aggression pact and peace agreement.

The South Korean Government has sought the summit, but with scant success.

Pyongyang is willing to have a summit if considerations are met, analysts say. For example, Kim Il-song said on Oct. 18 that he would meet with No if the prime ministers' talks bore "visible results."

A handful of pessimists say a summit will not be held in 1991.

They point out that hardliners have the upper hand in deciding South Korea's unification affairs so inter-Korean relations will stand still for the time being.

The watchers say the hawks hope Korea will be a second Germany, where West Germany absorbed East Germany on Oct. 3. The hawks want to push North Korea into a corner and isolate it from the international community in order to make it yield.

South Korea's attitude in the third round of premiers' talks in Seoul will be maintained for the time being so that the high-level talks can hardly bear fruit.

North Korea apparently feels the isolation and has repeatedly expressed its determination to never accept German-style unification of the Korean peninsula.

The hawks of both sides cannot stop the Korean peninsula from progressing toward unification step by step, overcoming the many impediments, because the force behind this movement is the ardent desire for unification of 70 million people.

No analyst predicted at the beginning of 1990 that the prime ministers' talks would be held, but the heavily fortified border was breached three times.

Some Legislators Rethink Plans for 'Junkets'

SK2512031090 Seoul YONHAP in English 0244 GMT 25 Dec 90

[Text] Seoul, Dec. 25 (YONHAP)—Some National Assemblymen from the ruling Democratic Liberal Party [DLP] are rethinking plans for trips abroad over the new year as a result of sharp criticism of the "junkets."

Members of the mainstream faction led by President No Tae-u agreed Tuesday that the timing of the trips was wrong because the season is regarded a political vacation in many countries.

Kim Hyon-uk, a former chairman of the assembly Foreign Affairs Committee, said there was no precedent for South Korean lawmakers to visit foreign countries for parliamentary diplomacy at this time of year and such plans disregarded the fact that their foreign counterparts are normally not prepared to receive guests over the new year.

The meeting recommended that the party leadership rule against the overseas trips and senior DLP leaders will discuss the issue in a meeting on Wednesday evening.

The plans of some 80 to 100 legislators to go abroad over the year-end at taxpayers' expense, coming just after they had voted themselves a hefty pay hike and made short work of the deliberation of the 1991 national budget, has outraged many people.

Bank Reports 1990 Investment, Projects in USSR

SK1512051590 Seoul YONHAP in English 0459 GMT 15 Dec 90

[Text] Seoul, Dec. 15 (YONHAP)—The Seoul-Moscow summit will spur South Korean investment in the Soviet Union, now valued at 9.16 million U.S. dollars in five approved joint ventures, Korea's central bank reported Saturday.

The Bank of Korea (BOK) said 8.78 million dollars was invested in three projects this year as of the end of November. The largest was 8.06 million dollars by the Hyundai Corp. and Hyundai Wood Industry Co. to set up a timber processing company in Svetlaya in the Soviet far east. Hong-Chung Corp. plans to invest 418,000 dollars in a software development and trading company in Khabarovsk and Leegiy Co. [as received] has got the go-ahead to put 300,000 dollars in a chopstick factory in Amur Province.

A Samsung subsidiary incorporated in London has a 2.4 million-dollar project to refurbish and manage the sports hotel in Moscow.

There were nine Korean business liaison offices operating in the Soviet Union as of the end of September, including the offices of Sunkyong, Samsung Electronics and Korean Air. Investment in the Soviet Union need only be reported to the central bank up to 5 million dollars, but larger amounts are subject to deliberation.

Role of Yondaehoeui in Labor Movement Noted

SK2012142290 Seoul HANGYORE SINMUN in Korean 13 Dec 90 p 2

[Editorial: "A Big Turning Point in Advancing the Democratic Labor Union Movement"]

[Text] "The Council of Major Business Corporations' Labor Unions for Solidarity (Yondaehoeui)" was officially inaugurated on 9 December. The inauguration of the Yondaehoeui is drawing considerable attention since it forecasts an important change in the development of the Korean labor movement.

At the official inauguration, Yondaehoeui leaders held a news conference and said, "The present grave situation strongly demands that the democratic labor union camp expand the scope of unity and struggle to the maximum degree and jointly cope with suppression by the government and the capitalists." The Yondaehoeui officials then added, giving a self-appraisal of its position, "The formation of Yondaehoeui is a great advance of the democratic labor union movement in that it comprises the major business corporations' labor unions which have steadfastly conducted the democratic labor union movement following the great struggle in 1987 and the major business corporations' labor unions which are democratized by the resolute choice of the union members who are indignant at the suppression by the government and the capitalists that began in the second half of this year."

The objective of Yondaehoeui, which was formulated through the first round of delegates' meetings on 3 and 4 November and the second round of the delegates' meetings on 1 December, is as follows: Yondaehoeui will make efforts for the grand unity of the independent democratic labor union movement, make efforts to strengthen the force of the major business corporations' labor unions and regional and national solidarity, and jointly cope with the mass-oriented tasks. Meanwhile, Yondaehoeui makes it its basic policy to strive for the independent and democratic labor union movement and manage itself in an independent and chuche-oriented manner.

Then what is the background of the formation of Yondaehoeui which puts forward this objective and basic policy? Yondaehoeui was launched because the major business corporations' labor unions, which aspire for the democratic labor movement, needed, prompted by a realistic demand, to jointly cope with the 'total suppression by the government and capitalists' and because it had to promote the development of the democratic labor union movement by overcoming the present vulnerability and closed nature of the individual business labor unions and extensively gather the force of the joint struggle.

The Yondaehoeui is pushing ahead with joint activities with the democratic labor union camp. For instance, it participated in an organized manner in the "National Workers' Meeting of 1990" jointly sponsored by the National Council of Labor Unions [Chonnohyop] and the League of Trade Unions [opchong nojo yonmaenghoeui] on 11 November. At the same time, the Yondaehoeui is exploring specific measures for the joint struggle with Chonnohyop and the independent labor union leagues or associations of industries in wage negotiations and the struggle to halt the suppression of the labor movement.

Yondaehoeui has an important task of pushing ahead with all possible activities and struggles in a systematic and planned manner for the unification and advancement of the democratic labor union movement. This task should be carried out through the chuche-oriented efforts of the labor union members.

No Sets Controlling Inflation as Top Priority

SK2112071790 Seoul YONHAP in English 0638 GMT 21 Dec 90

[Text] Seoul, Dec. 21 (OANA-YONHAP)—Getting a handle on inflation is South Korea's top economic priority in the new year, President No Tae-u said Friday, ordering the manufacturing industry to be upgraded and rural living standards improved.

After hearing from Economic Planning Minister Yi Sung-yun about the outlook for 1991, No expressed concern about public fear of inflation.

"Without price stabilization, it will be difficult to regain industrial competitiveness and raise per capita income," he said.

Yi had predicted 7 percent economic growth in 1991, down from this year's 9 percent, and a 7 billion-dollar trade deficit on a customs clearance basis. In addition to Yi, who is also deputy prime minister, the heads of 12 economic agencies and the bank of Korea were present.

The president said boosting industrial competitiveness should be another primary goal and ordered improvements at all levels, calling for aggressive facility investment, increased employment in manufacturing and the zoning of more industrial areas.

No said development of farming districts should be integrated and measures taken in preparation for market liberalization.

Korea's 9 percent economic growth this year was impressive, especially given the discouraging conditions, but there were failures "such as poor handling of the construction market and the consequent drastic labor increase, lack of investment in industrial facilities" and allowing a civic campaign against extravagant consumer spending to create trade friction, No said.

"Exercise extreme care when drawing up economic policies, and once they are adopted, implement them precisely," he told Yi.

Burma

Status of Assembly Representatives Annulled

BK2612150290 Rangoon Domestic Service in Burmese 1330 GMT 26 Dec 90

["Announcement No. 903 of the Commission for Holding Multiparty Democratic General Elections of the Union of Myanmar, Dated 26 December 1990"]

[Text] Subject: Announcement regarding people who, after being elected as People's Assembly representatives, no longer have the right to continue as People's Assembly representatives for infringing the stipulations of Sub-Section G, Section 11 of the Elections Law.

1. The following persons were elected as People's Assembly representatives from the undermentioned constituencies in the multiparty democratic general elections held on 27 May 1990: U Win Ko, Ye-U Constituency-2; U Tun U, Kyaukkyi Constituency; U Sein Win, Paukkaung Constituency; U Than Kywe, Shwedaung Constituency-1; U Hla Pe, Pyawbwe Constituency-2; U Peter Lin Pin, Pyin-u-Lwin Constituency-2; U Bo Hla Tint, Mogok Constituency-2; and U Thein U, Mandalay Southwest Constituency-2.

The judicial court concerned have ruled that there is substantial evidence to deduce that the persons mentioned above have formed a parallel government and have made contacts and are cooperating with insurgent organizations or members of such organizations that are engaged in an armed struggle against the state, with the aim of rebelling against the state.

This being the case, persons mentioned under Paragraph 1 are in infringement of Sub-Section G of Section 11 of the Elections Law and can no longer continue as elected People's Assembly representatives. Their status as elected People's Assembly representatives have therefore been annulled.

By the authority vested in me:

Signed: Aye Maung, secretary

U.S. Diplomats Meet With Minister Chit Swe

BK2812140290 Rangoon Domestic Service in Burmese 1330 GMT 28 Dec 90

[Text] Mr. Franklin P. Huddle, Jr., charge d'affaires ad interim of the Embassy of the United States of America, accompanied by Mrs. Shirlie C. Pinkham, commercial attache, called on Lt. Gen. Chit Swe, minister for agriculture and forests and for livestock breeding and fisheries, at 0930 today at the reception hall of the Myanmar [Burma] Economic Enterprise. Cordial and frank talks on agricultural, fisheries, meat, and forestry sectors and socioeconomic matters were held.

Present at the meeting were Dr. Myint Thein, director general of the Planning and Statistics Department of the Ministry of Agriculture and Forests; U Tin Hlaing, managing director of the Myanmar Agriculture Enterprise; and U Tin Maung Myint, director general of the Planning and Statistics Department of the Ministry of Livestock Breeding and Fisheries.

Diplomat in Netherlands Clarifies Drug Case

BK2912074190 Rangoon Domestic Service in Burmese 1330 GMT 28 Dec 90

[Text] The Myanmar [Burmese] Embassy in Amsterdam asked the Netherlands newspaper DE TELEGRAAF to insert a correction for its false report on the seizure of 40 kilos of heroin from a Myanmar ship. In its 16 November 1990 issue, the Dutch-language newspaper reported that 40 kilos of heroin were seized from a Myanmar ship at Amsterdam port in the Netherlands and that the Myanmar Embassy in Amsterdam then inquired at the Foreign Ministry of the Netherlands about the matter.

After receiving a reply that the report was false, the embassy requested a correction. The newspaper reported that the opposition party asked the minister of justice why the Myanmar ship was allowed to leave around 23 November 1990 even though 40 kilos of heroin were seized from the ship at Amsterdam port.

The first secretary of the Myanmar Embassy directed an inquiry about the matter to Mr. (R.J. Vendervee), official responsible for Myanmar affairs at the Netherlands Foreign Ministry, and received a reply that the ship was not Myanmar's, but was from Thailand. It was also mentioned in the reply that the three suspects involved were not Myanmar nationals, but were from other nations. The Myanmar Embassy therefore sent a letter to the editor of DE TELEGRAAF asking them to insert a correction.

Joint Garment Venture Signed With ROK's Daewoo

BK3012095290 Rangoon Domestic Service in Burmese 1330 GMT 29 Dec 90

[Text] The Ministry of Trade under the Government of the Union of Myanmar [Burma] has issued Notification No. 35/90, signed by Brig. Gen. Abel, minister of trade, today regarding the formation of the Myanmar Daewoo International Limited.

The notification says the Foreign Investments Commission of the Union of Myanmar, acting in accordance with the Foreign Investments Law, has granted an operating license to a joint venture company limited for the production, distribution, and sale of different types garments and jointly financed by the Myanmar Economic Holdings Limited of the Union of Myanmar and the Daewoo Corporation of the Republic of Korea.

Exercising its rights under the 1950 Special Companies Act, the Trade Ministry issued this notification to announce the establishment of the said enterprise in the form of a limited private joint venture company.

The notification also contains chapters on the title, names of members of the private joint companies, organizational records, organizational rules, the capital, and the registration of the company.

Officers 'Allegedly' Take Bribes From Smugglers

BK3112035690 Bangkok BANGKOK POST in English 31 Dec 90 p 3

[Text] Three Pagoda Pass—Burmese military officers manning the Thai-Burmese border have allegedly taken bribes to help cross-border smuggling, sources said yesterday.

Ethnic rebels, Mons and Karens, plus Burmese military officers collect illegal tax from the smugglers, said traders at the Thai-Burmese border in Kanchanaburi.

But tax paid to them is still low compared to official tax, said Thi Ha, a trader at Three Pagoda Pass.

They said if goods were taken across the border through official channels, the Burmese military officers would get nothing.

They expect more smuggling routes to open in the coming year, they said.

Goods from Thailand to Burma include textiles, seasoning powder, sandals, bicycles and and medical supplies.

Another trader, Win Moe, said that the living standards of the Burmese officers positioned along the border with Thailand—especially near smuggling routes—are high, regardless of their low salary.

The officers drink foreign whisky and Thai beer.

They could never afford such luxury items without corruption, said Win Moe.

Win Moe said at New Year, Thai traders—especially from logging firms—have given many luxurious items as gifts to the Burmese officers.

The Burmese officers also generate income from cattle smuggled from Burma.

They collect about 50 baht to 100 baht per head, he said.

Meanwhile, jade traders from Burma who illegally bring the cut jade to sell in Mae Sot District of Tak Province said both Burmese officers and Thai authorities have provided assistance for them to bring the jade into Thailand.

"We paid illegal tax to the Burmese and Karen soldiers while on smuggling routes in Burma," said one jade trader.

"On arriving in Thailand, we are taken by Thai police to safehouses in Mae Sot District," the trader said.

Informed sources said there are more than 50 houses or shops in Mae Sot serving as safehouses for jade smugglers.

The owners of these houses and shops pay between 1,000 and 3,000 baht a month to Thai authorities to ensure their houses are not searched and the smugglers are not arrested.

But a Chinese trader in Mae Sot said the smugglers still have problems with customs officials who do not want to take monthly bribe payments like the police do—they want to steal the smuggled goods.

Customs officials want to raid these houses and confiscate all the smuggled goods.

Doing this, they would get more money than they do by taking monthly payments, the trader said.

Cut jade smuggled to Mae Sot is mostly purchased by Hong Kong and Taiwanese traders.

Jade trading involves about 20 million baht a day in Mae Sot District, he said.

Cambodia

Political Bureau's Communique on Paris Meeting

BK2912061790 Phnom Penh Domestic Service in Cambodian 0430 GMT 29 Dec 90

["Communique of the party Central Committee Political Bureau"; dated 29 December—read by announcer]

[Text] The Political Bureau of the Kampuchean People's Revolutionary Party [KPRP] Central Committee at its meeting held on 29 December 1990 under the chairmanship of Comrade Heng Samrin, general secretary of the KPRP Central Committee, listened to a report on the outcome of the consultative meeting among the cochairmen of the Paris International Conference on Cambodia and the members of the Cambodian Supreme National Council [SNC], which took place in Paris on 21-22 December 1990.

Comrade Hun Sen, member of the KPRP Central Committee Political Bureau and chairman of the Council of Ministers, who led the delegation composed of the six SNC members from the State of Cambodia, presented the report on the process and outcome of the abovementioned Paris meeting.

The Political Bureau has noted the view expressed by His Excellency Rafiuddin Ahmad, deputy UN secretary general, emphasizing the non-dissolution of the existing administrative structures of the two governments and that the military situation during the transitional period needs further detailed discussion. Along with this, the Political Bureau voiced its concern by pointing out that concrete, effective measures should be taken to prevent the genocidal Pol Pot regime from returning to again slaughter the Cambodian people. The Political Bureau is of the view that to expedite the peace process, remaining important issues—in particular the issue of preventing the return of the genocidal Pol Pot regime—should be further discussed in detail by the coordinating committee of the Paris international conference and that issues within Cambodia's national sovereignty should be discussed and unanimously accepted by the SNC. Discussions and decisions should be made based on respect for the UN Charter and the Cambodian people's right to self-determination.

In an atmosphere of joy, the Political Bureau extolled the efforts displayed and the outcome achieved by the delegation of the State of Cambodia. The Political Bureau has thanked the Paris conference cochairmen, and the French Government in particular, for their drive and assistance in the Cambodian peace process.

Tie Banh Sends Message to Soviet Counterpart

BK3012072290 Phnom Penh Domestic Service in Cambodian 1200 GMT 29 Dec 90

[Message of greetings from Defense Minister Tie Banh to his Soviet counterpart, Marshal Dmitriy Timofeyevich Yazov, on the 68th founding anniversary of the USSR; date not given—announcer read]

[Text] Dear Comrade Minister:

On the 69th founding anniversary of the USSR, on behalf of the cadres and combatants, male and female alike, of the Cambodian People's Armed Forces [CPAF] and in my own name, I would like to convey to you, as well as all the cadres and combatants of the brotherly USSR Army, our sentiment of joy and to join you all in enthusiastically and wholeheartedly celebrating the event.

Our CPAF wish to heartily acclaim the remarkable development in all fields that the brotherly Soviet Army has achieved thus far and to continue supporting the stance and initiative taken by the Soviet party, state, and Defense Ministry in earnestly trying to ease international tension, thereby restoring peace and stability and promopting peaceful coexistence in the world.

On this solemn occasion, we wish you and, through you, the cadres and combatants of the USSR Army, the best of health, zealous physical strength, and new, still greater successes in the implementation of the tasks entrusted by the 28th Congress of the CPSU Central Committee.

Comrade minister, please, accept our faithful respects and regards.

SPK: Government Forces Kill 697 in Battambang

BK3012062690 Phnom Penh SPK in English 0418 GMT 30 Dec 90

[Text] Phnom Penh SPK December 30—This year, the government forces in Battambang Province, 360 km northwest of Phnom Penh, put out of action 1,272 enemy troops, including 697 killed, 499 wounded, 73 captured, and three others forced to surrender, and seized 214 assorted guns, three tons of ammunition, one ton of mines, and a quantity of other war means.

This came from a report presented at a recent recapitulatory meeting on military activities in 1990.

Besides, 353 enemies deserted their ranks and reported themselves to the provincial authorities, bringing along 178 firearms, said the report.

Speaking at the meeting, Ung Sami, member of the Revolutionary Party of Kampuchea Central Committee, secretary of the Battambang party committee, and commander of the provincial armed forces, highly valued the courageous struggle of the Armed Forces for national defense, especially local defense, following the complete pullout of the Vietnamese Army volunteers from Cambodia. He denounced the enemy's obstinate attempts at overthrowing the revolutionary authorities and bringing back to power the genocidal Pol Pot regime.

The meeting ended with the conferment of the "Army Hero" title by the State Council on the provincial armed forces, Company 22 of Bavel District, Company 28 of Ratanamondol District, Company 24 of Bavel District, and six officers. Three other units and 16 individuals received certificates of merits from the Council of Ministers.

Ranariddh Says UN Peace Documents 'Proper'

BK3012092390 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 30 Dec 90

[Text] Prince Norodom Ranariddh, personal representative of Samdech Norodom Sihanouk and member of the Supreme National Council [SNC], said the cochairmen of the Paris International Conference on Cambodia [PICC] and the UN deputy secretary general have affirmed and specified to the six SNC members of the Vietnam-installed Phnom Penh regime that all documents of the final draft peace plan, worked out by the five major powers, do not violate the UN Charter or Cambodia's sovereignty as accused by Vietnam and the Phnom Penh regime.

He said this in a recent interview with representatives of the Voice of the Khmer upon returning from the recent meeting in Paris. The prince said French Foreign Minister Roland Dumas remarked that the draft UN peace plan for Cambodia worked out by the five major powers do not violate the UN Charter or Cambodia's sovereignty. He further said Roland Dumas specified to the six SNC members of the Phnom Penh regime during the meeting in Paris that as a cochairman of the PICC and in France's role as a member of the United Nations and a permanent member of the UN Security Council, France will not allow any documents [words indistinct] the UN Charter or violate Cambodia's sovereignty.

The prince further said UN Deputy Secretary General Rafiuddin Ahmad assured the Hun Sen group that none of the documents of the peace plan violates the UN Charter or Cambodia's sovereignty. Ali Alatas [as heard] has affirmed that as the representative of the UN Secretary General and the entire United Nations, he will not allow any documents to violate the UN Charter.

Prince Norodom Ranariddh further said Indonesian Foreign Minister Ali Alatas assured all the SNC members at the Paris meeting that none of the documents of the five major powers' peace plan violates the UN Charter or Cambodia's sovereignty. Alatas also specified that Indonesia, which used to love and assist Cambodia, will certainly not allow any documents of the Cambodian peace plan to violate Cambodia's sovereignty. The prince added that Ali Alatas also said what Indonesia wants is a Cambodia with peace and genuine independence.

The prince further said that the six SNC members of the Cambodian resistance movement have declared that they accept in their entirety the final draft documents of the five major powers' peace plan at the meeting in Paris. He also specified that all these draft documents are proper ones which respect the UN Charter and Cambodia's sovereignty.

Cambodian People 'Welcome' Paris Meeting Results

BK2912052390 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 28 Dec 90

[Editorial: "The Cambodian People Welcome the Outcome of the Working Meeting in Paris Between the Four Cambodian Parties and the Cochairmen of the Paris Conference"]

[Text] The working meeting in Paris on 21-22 December among the four Cambodian parties and the cochairmen of the Paris conference achieved two major results.

The first one: The Cambodian National Resistance [CNR] and the world were able to force the Vietnamese puppets and lackeys and, through this, the Vietnamese enemy aggressors, to reaffirm their endorsement of the five permanent members of the UN Security Council's 28 August framework document, which is the unique blueprint for the settlement of the Cambodian problem. Moreover, the Vietnamese lackey puppets were compelled to accept key provisions of the document and the comprehensive peace agreement that the Paris conference cochairmen and the five UN Security Council permanent members worked out on 26 November.

The second major result was that at this round of working meetings, there was an agreement that the Paris international conference coordinating committee, composed of representatives from 19 countries as well as the Vietnamese delegate, should be reconvened as soon as possible to discuss and decide on the overall peace agreement that will be submitted for endorsement by the foreign ministers of the 19 countries.

In September, at an inter-Cambodian meeting held under the chairmanship of the Paris conference cochairmen, the Vietnamese lackey puppets were forced to accept the framework document of the five UN Security Council permanent members. Immediately after the meeting, however, the puppets, in executing the order given by the Hanoi Vietnamese enemy aggressors, rejected and opposed the document. Afterward, the Vietnamese aggressors themselves and their lackey puppets consecutively issued a memorandum, then statements openly rejecting the document of the five permanent members, as well as the Jakarta joint statement on setting up the Supreme National Council [SNC] headed by Samdech Norodom Sihanouk. Along with this, the Vietnamese enemy aggressors and their lackey puppets have also contemptibly denounced the United Nations. Their purpose is to destroy the document and block the process to end the Vietnamese war of aggression in Cambodia so Vietnam can further occupy the country.

The outcome achieved at this round of talks in Paris clearly shows that the world has in no way allowed the Vietnamese enemy aggressors and their lackey puppets to stir up a cloudburst at their will. They were forced to participate in the Paris meeting, which they had not wanted to attend. At the meeting, although they pretended to be sick for the purpose of dodging the talks, they were all the same forced to join the conclave and to again accept the document. Furthermore, the arch Vietnamese bandits were forced to join the Paris international conference coordinating committee as well. Therefore, the 21-22 December Paris meeting has defeated the maneuvers conducted by the Vietnamese aggressors and their lackey puppets aimed at destroying the document of the five UN Security Council permanent members and blocking the process to settle the Vietnamese war of aggression in Cambodia. The Paris meeting's outcome, breaking through the impasse, has promoted the process of settling the Vietnamese war of aggression in Cambodia. The Cambodian people inside and outside the country and the CNR, headed by Samdech Norodom Sihanouk, enthusiastically welcome the outcome.

Based on their experience of battling the Vietnamese enemy aggressors during the last 12 years and the current tenacious fighting created by continuous shipments of fresh Vietnamese troops to the battlefield of aggression against Cambodia, it is obvious that the Vietnamese enemy aggressors still have planned a great many machinations on the military battlefield, as well as deceitful diplomatic tactics during the current 13th dry season. The Vietnamese, however, at present are in a bind and do not know how to work out their problems. They are about to breathe their last gasps both on the battlefield of aggression against Cambodia and in Vietnam itself. The Vietnamese no longer can depend on the Soviet Union and East Europe, because the Soviet Union, faced with famine, is asking for aid from everyone worldwide and is moving toward complete collapse.

In the situation where the Vietnamese and their lackey puppets continue to be in agony, the Cambodian people and the CNR are determined to continue joining forces with the world to apply constant pressure on them until they are forced to scrupulously respect and implement the 28 August framework document hammered out by the UN Security Council permanent members, the Jakarta joint statement on the establishment of the SNC headed by Samdech Norodom Sihanouk, the 26 November overall agreement document, and the 23 December Paris joint statement.

Khieu Samphan, Son Sen Send Sihanouk Greetings

BK3012093390 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 29 Dec 90

[Message of New Year's greetings from Khieu Samphan and Son Sen to Samdech Norodom Sihanouk; dated 28 December—announcer-read]

[Text] To Samdech Norodom Sihanouk, Cambodian president and leader of the Cambodian National Resistance [CNR], care of His Excellency Chan Youran, Beijing:

Respected Samdech, on the occasion of the 1991 international new year, all of us, together with the CNR and our compatriots inside and outside of the country, would like to convey our best wishes to you. May you have the best of health, longevity, and constant success in the implementation of your supreme patriotic task.

Our entire people celebrate the new year in a promising situation where our CNR under your leadership has scored significant successes both on the fields of battle and diplomacy. We have the firm conviction that our sacred and beloved Cambodian motherland will be certainly liberated in the near future.

On the battlefield, our CNR and people have jointly battled the Vietnamese enemy aggressors and their lackey puppets, causing them to be bogged down for 12 years. They are now about to breathe their last gasps because they can no longer maneuver.

In the diplomatic field, the Vietnamese enemy aggressors and their lackey puppets have their backs completely against the wall. Immediately after the 10 September meeting in Jakarta, the Vietnamese and puppets have begun their machinations by insolently and irresponsibly announcing their rejections of the 28 August 1990 framework document forged by the five permanent members of the UN Security Council, the verification by a UN peacekeeping force of the withdrawal of all categories of Vietnamese aggressor forces from Cambodia, and a UN transitional authority in Cambodia. They have instead demanded that the puppet administration and Army be preserved for the purpose of further hiding Vietnamese invading forces in the country.

The meeting held in Paris on 21-22 December clearly shows that Vietnam and its lackey puppets can never stir up a cloudburst at their will. The process of putting an end to the Vietnamese war of aggression in Cambodia has been making headway along the path defined in the 28 August 1990 framework document. The Vietnamese and puppets will never be able to resist.

On this solemn occasion, we would like to reaffirm that all of us, as well as our CNR, people, and compatriots inside and outside the country, will continue to steadfastly and unflinchingly support you as the chairman of the Supreme National Council [SNC]. This issue is not your own problem. Indeed, it directly concerns the implementation of the UN Security Council permanent members' document and the agreement for ending the Vietnamese war of aggression. Should the SNC be headed by you, the Supreme Council certainly can proceed in keeping with its veritable status and function as the unique legitimate body and source of authority throughout the transitional period. And it can cooperate with the United Nations in implementing the overall political agreement reached on the basis of the 28 August 1990 document of the UN Security Council permanent members and the agreement on a comprehensive political solution to the Cambodian problem. The whole world has clearly realized this as well.

With the development of the events above-mentioned, all of us, as well as the CNR and our entire people, firmly believe that our beloved Cambodian motherland will definitively be liberated and our people will recover security and peace, thus living harmoniously in conformity with the great national union policy implemented under the lofty leadership of the samdech, our national leader.

Availing ourselves of this opportunity, we would like to wish Neak Mneang [Sihanouk's wife] the best of health, longevity, and every success.

Samdech and Neak Mneang, please, accept our profound sentiments of respects and affection.

[Dated] 28 December 1990

[Signed] Khieu Samphan, Son Sen

Khieu Samphan Issues New Year's Greetings

BK3112062990 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 30 Dec 90

["Message of Greetings from His Excellency Khieu Samphan, Cambodian vice president in charge of foreign affairs, to our compatriots and combatants on the occasion of the 1991 international new year"; place, date not given—recorded]

[Text] Respected and beloved compatriots and comrades-in-arms:

On the occasion of the 1991 international new year, I would like to extend best wishes to all comrades-in-arms of Democratic Kampuchea and to all combatants of the transport unit who are joining our entire people in a tenacious struggle against the Vietnamese enemy aggressors and their lackeys and puppets on the battlefield.

To date, you have been struggling on the battlefield for 12 years, and we can see now that our Cambodian motherland is moving toward liberation. Cambodia will certainly be liberated in the near future. All of you have joined forces with our entire people and Cambodian national resistance forces to achieve great victory. Your great sacrifices have been inscribed with golden letters in our nation's history. Our entire people and nation respect and love you and will always remember all the sacrifices you have made. Our children of generations to come will learn from your lofty spirit of patriotism and noble heroism so they can build themselves up to effectively defend and preserve our Cambodian motherland.

This 1991 international new year I would also like to convey best wishes to our entire people and all of our compatriots inside and outside the country. May you all have the best of health, zealous fighting spirit, and new, still greater successes in continuing, with the forces of the great national union, your struggle against the Vietnamese enemy aggressors with a view to definitely liberating our Cambodian motherland.

During the past 12 years, our nation and people have efficiently enhanced their unity. It is this unity that has prevailed over the Vietnamese enemy aggressors and has liberated and prevented our Cambodia from turning into second Kampuchea Kraom.

Our entire Cambodian people and our three patriotic Cambodian National Resistance [CNR] forces have jointly struggled under the leadership of Samdech Norodom Sihanouk, the CNR leader and our Cambodian nation's president. A great many friends worldwide have supported and assisted our people and our three patriotic resistance forces in their struggle. This is a vigorous strength that brought about the achievement of the framework document of the five permanent members of the UN Security Council [UNSC] on 28 August 1990. This document was endorsed by Resolution 668 of the entire UNSC on 20 September 1990, and the UN General Assembly unanimously adopted it on 15 October 1990 through Resolution 95/3. These constitute a strength that promoted the achievement of the Jakarta joint statement dated 10 September 1990 and the draft agreement on a comprehensive political solution to the Cambodian problem on 26 November 1990, as well as the successful outcome of the meeting held in Paris on 21-22 December.

The Vietnamese enemy aggressors and the Phnom Penh puppets can never oppose all these documents, as was clearly proved by the recent meeting in Paris. The Phnom Penh puppets were forced to meet the Paris conference cochairmen despite their opposition. They were pressed into accepting the above-mentioned documents despite their vociferous rejection. Now, the Hanoi Vietnamese enemy aggressors are being forced to join the coordinating committee of the Paris international conference in the near future.

Despite this, the Hanoi Vietnamese enemy aggressors and the Phnom Penh puppets remain stubborn, our struggle is not yet conclusive, and our Cambodia is not yet completely liberated. But the victory won by all of our comrades-in-arms, our three CNR forces, our entire people, and our compatriots inside and outside the country is a great success. With this remarkable success, all of us should continue upholding the great national union and furthering our struggle. With the assistance of peace- and indepedence-loving countries worldwide, we will certainly achieve ultimate success by:

1. Forcing the Hanoi Vietnamese aggressors and the Phnom Penh puppets to accept the 28 August framework document of the five UNSecurity Council permanent members and the 26 November blueprint.

2. Forcing the Hanoi Vietnamese aggressors to respect and implement all the documents by withdrawing all categories of Vietnamese aggressor forces from Cambodia under strict verification to be implemented by the United Nations and a UN peacekeeping force in conjunction with the SNC headed by Samdech Norodom Sihanouk.

Only with the complete withdrawal of Vietnamese forces can Cambodia recover independence and peace within its territorial integrity and become secure and stable forever and can the Cambodian people enjoy their rights to self-determination.

On this international new year, all of us are delighted to see the bright future of our nation. We are convinced that the great national union that we have sought constantly to uphold and expand over the past 12 years is the most powerful force that can fight off the Vietnamese enemy aggressors to liberate our beloved Cambodia. This is a valuable experience that has motivated our nation and our entire people to continue enhancing our unity in order to safeguard security and stability in our country at all costs. The Vietnamese aggressors have swallowed our Cambodia, but we have conducted a vigorous struggle to force them to spit it out. The Vietnamese will not willingly set Cambodia free, and although we have already fought against them, they are still waiting for an opportunity to totally swallow our Cambodia. Only the force of the great national union can defend the country, safeguard security and stability, and prevent the Vietnamese from having the opportunity to engulf our Cambodia.

We would also like again to express our profound thanks to all friendly countries worldwide for their constant, continued support and assistance to the cause of our nation's just struggle during the last 12 years. We never forget that the great victory we have achieved in our 12 years of struggle is also the fruit of the efforts displayed by the ASEAN states and peace- and independence-loving countries of the world. We call on those countries to continue their drive to achieve a comprehensive solution to the Vietnamese war of aggression and bring to success the overall settlement agreement based on the implementation of the framework document of the five UNSC permanent members and the agreement which demands that all categories of Vietnamese forces totally withdraw from Cambodia. Only after this can Cambodia recover its independence and territorial integrity and enjoy security and tranquility forever, thereby promoting prosperity, peace, and stability in Southeast Asia.

In conclusion, I would like again to wish all comrades-in-arms, the entire people, and all compatriots inside the country and living abroad best wishes. May all of you have the best of health, zealous fighting spirit, and every success in carrying out the sacred national liberation struggle.

Long live independent, united, peaceful, and neutral Cambodia within its territorial integrity without foreign military presence!

Long live the great national union force to defeat the Vietnamese enemy aggressors for national liberation and survival!

Svay Leu District Township 'Liberated' 23 Dec

BK3012015290 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 29 Dec 90

["Report on Second Attack and Liberation of the Township of Svay Leu District"]

[Text] Our Cambodian national resistance forces in October had once attacked and completely liberated the township of Svay Leu District [Siem Reap Province]. But later, the Vietnamese enemies with the reinforcement of their troops recaptured the township. But our forces continued to fight the Vietnamese enemies both militarily and politically, causing them heavy casualties and stirring up continuous desertion by their troops. This constantly diminished the Vietnamese strength.

On 23 December, our national resistance forces launched another attack on the township and liberated it for the second time. We killed six enemy soldiers and wounded 10 others, destroyed 30 military barracks and all the office buildings in the district township. We seized 40 AK's, 28 SKS's, 15 AR-15's, a Goryunov machine gun, two RPK machine guns, four B-41 rocket launchers, three B-40 rocket launchers, two light machine guns, a 12.8-mm machinegun, two pistols, five field radios, and some ammunition and war materiel.

On 24 December, the Vietnamese enemies marshalled 200 soldiers in an attempt to retake the Svay Leu District township from us. But they were routed and forced to beat a hasty retreat behind their lines. We killed two and wounded four more enemy soldiers and seized two AK rifles and a field radio.

Indonesia

Alatas Urges Peaceful Solution of Gulf Crisis

BK2912074290 Jakarta Domestic Service in Indonesian 0000 GMT 29 Dec 90

[Text] Foreign Minister Ali Alatas reiterated the Indonesian Government's stand that the Gulf crisis should not be solved by force. Instead, it hopes that all parties will be able to exercise restraint and resume negotiations. In this connection, Minister Alatas expressed his support for a similar stand on the Gulf crisis voiced by Indonesian Muslims.

Minister Alatas made the remarks after chairing a year-end panel discussion to evaluate Indonesia's foreign policy and strategic moves toward the future in response to international situation. The panel discussion was organized by the Executive Council of Golongan Karya [functional group]. Alatas added that Indonesia does not approve violent means to solve the crisis, which will cause large casualties among two of Indonesia's close friends. He said Indonesia's consistent stand is understood by all countries in the world. To help mediate the conflict, Indonesia needs the will and consent of the opposing parties, but Indonesia has received no request for such mediation and it will not insist on offering its services.

'Posts' Set Up To Help Workers in Saudi Arabia

BK3112074090 Jakarta MERDEKA in Indonesian 20 Dec 90 pp 1, 11

[Excerpt] Jakarta, Wednesday [19 December], MERDEKA—The Department of Manpower of the Republic of Indonesia has set up a coordinating team to tackle problems faced by Indonesian workers in Saudi Arabia. Officials will be stationed in 10 cities in that country.

The cities where "field posts" of the Department of Manpower will be located are Riyadh, Jeddah, Daman, Dahahran, Tabuk, Mecca, Medinah, Abha, Gizan, and Al Ta'if.

"With the existence of the field posts, Indonesian workers are expected to come to these places if they encounter any problems," Manpower Minister Cosmas Batubara said after meeting President Suharto at Merdeka Palace in Jakarta on Wednesday.

On the occasion, Cosmas Batubara expressed his concern over the uncertain condition of Indonesian workers in the Middle East, particularly in Saudi Arabia in the event of war.

He said that based on the latest data, there were about 97,814 Indonesian workers in Saudi Arabia. "We are closely monitoring the latest developments. Because of this, I expressed my concern to the president," Cosmas said.

He said that the concern was prompted by the current atmosphere. The government, which has sent and is responsible for the workers, is certainly anxious over their condition.

Cosmas hoped that the Saudi Government would extend support and assistance to the field posts in the 10 cities, particularly in giving counseling and facilities to Indonesian workers who wanted to return home. [passage omitted]

Chinese Enter Illegally for Economic Reasons

BK3112105690 Jakarta ANTARA in English 1002 GMT 31 Dec 90

[Text] Jakarta, Dec 31 (OANA/ANTARA)—Economic, and not political reasons apparently are the main cause of the increasing number of illegal immigrants from China to Indonesia, a senior Cabinet minister said here Monday.

Coordinating Minister for Political Affairs and Security Sudomo said that it is unlikely that former Indonesian Communist Party (PKI) members will join the illegal immigrants from China to enter Indonesia as feared by some MPs [members of Parliament]. However, he also conceded that: No matter how small the chance is, we cannot lessen our vigilance.

The immigration and intelligence offices should be always on the alert but that does not necessarily mean that everybody must be seen with suspicion, he further said adding that after all, the teaching of communism today is no longer popular.

At least two Indonesian MPs have expressed their concern about 22 immigrants from China who tried to enter Indonesia recently by using forged Japanese, Malaysian and Taiwanese passports.

The MPs, Susanto Bangun Nagoro and Sutarjo Surjoguritno said a thorough investigation on their purpose of entry must be conducted as there is always a possibility that they also have ideological motivation.

About the country's political temperature in the coming year, he said it will increase slightly as everybody is approaching the 1992 general elections. Some issues that will increase the temperature, he said, are land disputes, social gaps, and openness.

Seminar on Spratlys Planned, Disputers Invited

BK2812130290 Jakarta ANTARA in English 0652 GMT 28 Dec 90

[Text] Jakarta, Dec 28 (OANA-ANTARA)—Foreign Minister Ali Alatas said here Thursday [27 December] that Indonesia is hoping to host another seminar on the Spratly Islands sometime next year.

The country is now approaching China, Vietnam, and Laos for the purpose, the minister said adding the seminar would be aimed at making the islands a new cooperation zone for the surrounding countries, daily JAKARTA POST reported.

Spratly Islands are located in the South China Sea about 400 kilometers southeast of Vietnam and at least five countries—China, Vietnam, Malaysia, the Philippines, and Taiwan—have been claiming over parts of the strategic islands.

The first seminar on Spratlys was held last January in Bali with participants coming from the the ASEAN nations, Minister Alatas said adding that the seminar was mainly colored by discussions on the positive aspects of cooperation that could be developed among the countries claiming the islands.

He further said, the 1991 seminar hopefully would also be able to prevent the islands from becoming another area of conflict as it would also cover the issues of safer shipping traffic, oil spills prevention, and natural potential development.

GPK Said Responsible for Burning Schools

BK2912140190 Jakarta MERDEKA in Indonesian 15 Dec 90 pp 1, 11

[Excerpt] Jakarta, Friday [14 December]—Brigadier General Nurhadi Purwosaputro, head of the Information Center of the Armed Forces of the Republic of Indonesia [ABRI] said on Friday afternoon that the brutal action of the Aceh security disturbance movement [GPK] in burning educational buildings in the region showed that they had panicked and become desperate.

"Indeed, their acts have always harmed the people," he said in reply to questions about the burning Jabal Ghafur University and the Blang Malu Junior State High School in Aceh in the wee hours of Thursday.

According to reports from Banda Aceh, security forces are continuing their hunt for those who burned down the Jabul Ghafur University. The arson caused the private educational institution a material loss of 500 million rupiah.

"Based on evidence at the scene, there is a strong indication that the arson was committed by the GPK," an ABRI officer said. [passage omitted]

Alatas on Parliamentarians' Visit to East Timor

BK3112104290 Jakarta ANTARA in English 0952 GMT 31 Dec 90

[Text] Jakarta, Dec 31 (OANA/ANTARA)—The East Timor people has refused to welcome Portuguese parliamentarians who are to visit the province as they believe that decolonization process there is already finished, therefore such a visit will be unproportional, Foreign Minister Ali Alatas said here Monday.

I understand Governor Carrascalao's appeal to the government to cancel a planned visit to East Timor by

Portuguese MPs [members of Parliament] accompanied by some UN officials to observe the situation in the province, the minister said.

In a year-end press conference in Dili Friday afternoon East Timor Governor Mario Viegas Carrascalao said if the visit goes ahead, it will only bring back the civil war that the people of East Timor have forgotten.

Moreover, he went on, it can also be exploited by anti-government groups to create troubles.

In October Minister Alatas said a parliamentary delegation from Portugal is scheduled to tour Indonesia's 27th province although so far no date for it has been fixed.

However, Minister Alatas also explained that the planned visit is not aimed at making investigation or examination, instead, it is intended to provide evidences that all the campaigns about bad things in East Timor are groundless.

On why it seems that Portuguese MPs are so eager to visit East Timor, the former colony of the country which integrated into Indonesia in 1976, Minister Alatas said it is the MPs who always bring the case to the international forum.

Since tourists and journalists can enter East Timor, why we Portuguese parliamentarians, cannot? The foreign minister quoted the MPs. He also said that it was difficult for him to say no when they asked for a visit opportunity.

Intelligence Chief Predicts No 'Threats' in 1991

BK3112105090 Jakarta ANTARA in English 0943 GMT 31 Dec 90

[Text] Jakarta, Dec 31 (OANA/ANTARA)—No alarming threat is expected to arise in 1991 to the point of endangering the nation's security-political stability though the sources of traditional threats will remain, head of the Intelligence Coordination Board (BAKIN) Sudibyo said Monday.

Answering journalists' questions moments before attending a Cabinet session led by President Suharto, Sudibyo described the traditional sources of threat as something general in nature which existed not only in Indonesia but in the whole world. However, due to subjective developments within the sources of the threats, as well as developments in their environment, the potential of the sources of threats will continue to become smaller, he added.

Therefore I reckon there will be no source of threat that could emerge as a danger of which we need to alarmed, he said.

According to the BAKIN chief, the process toward openness and democratization which at present prevails in the world has really been proceeding by stages in Indonesia. However, he pointed out, the so-called openness couldn't possibly be realized in full transparency or in the sense that all might be put into the open to be known by all.

Even about our own bodies, there are things that should not be open for all to see, he said with smile.

In the evaluation of the BAKIN's chief, the process toward openness and democratization in Indonesia has moved positively so far, because it could still be persuaded and directed toward dimensions and norms that have their source in the Pancasila ideology and the Constitution of 1945.

Thus, he went on, what needs to be done in the framework of openness and democratization in 1991 is essentially the enhancement of the qualities of elements of openness and democratization that have been established this far.

The important thing in this enhancement of qualities is that we or the public and the people who are to apply the principles should be aware of the dimensions, Sudibyo said. The dimensions include those of space and time.

He pointed out a constraint to the process of openness was the obsession of the desire to take benefit of that openness without taking into consideration these dimensions.

Asked about religious issues which surfaced in 1990, Sudibyo assessed them as small cases which were caused by technical excesses arising from a fast increase in population, including increases in numbers of the followers of the different religions. He explained increase in population automatically led to more social contacts. With such contacts, frictions naturally can occur. He said harmony in religious life was something important and basic and need to be guided wisely.

He predicted this harmony will improve in 1991 because the religious leaders have all realized its importance for national unity and solidarity.

About conflicts regarding land which often occured and which are considered by many as vulnerable, the BAKIN chief also described them as the effects of the fast pace of development including industrialization which called for the availability of land.

He said the government had realized this from the beginning and was determined to resolve them the way it should be.

Asked about the possibility of a rise in the political temperature as the 1992 general elections nears, he hoped the words rising temperature would be taken in its positive meaning, not as confrontations or fightings among the general elections contestants.

He said for himself the words mean that as the general elections neared all socio-political forces including the electorate get more enthusiastic to participate in the feast of democracy which comes only once in five years.

Suharto Meets Participants in 1990 Army Seminar

BK2812113390 Jakarta THE JAKARTA POST in English 20 Dec 90 p 1

[Text] Jakarta (JP)—President Suharto called on army generals yesterday to design a system which would provide greater chances for citizens to develop their creativity.

Suharto made the appeal after the generals reported to him on the results of their recent meeting in Bandung—called the Army Seminar 1990—which drafted the military's perceptions of Indonesia's human resources development for the next 25 years.

The army's ideas will constitute part of the next GBHN (Broad Outlines of States Policy) to be adopted by the next House of Representatives in 1993.

"The time has come to pay more attention to the development of a system that will give citizens the chance to live independently," Suharto said.

Earlier, Commander of the Armed Forces Gen. Try Sutrisno, accompanied by Army Chief of Staff Gen. Edi Sudrajat and Deputy Army Chief of Staff Lt. Gen. A. Sahala Rajagukguk, had led a high-ranking military delegation to the meeting with Suharto.

The President was accompanied by Minister of Defense and Security Gen. L.B. Murdani, State Secretary Murdiono and Coordinating Minister for People's Welfare Suparjo Rustam.

Suharto stressed in his address that acceleration of Indonesian modernization efforts should continue, but should not cause the nation to lose its identity.

"In our modernization (efforts) we still are Indonesians," Suharto stressed.

Around 400 army generals and lower ranking officers, as well as prominent scholars, ministers and analysts attended the Army Seminar, the fourth since 1966, to discuss human resources development for the next 25-year phase of national development (1993-2018).

Speaking on the closing day of the four-day meeting on Tuesday, Army Chief of Staff Gen. Edi Sudradjat said "there needs to be a national commitment in the economic sector of development especially regarding the structuring of the Indonesian economy in order to have further guarantees for the direction of economic development drive."

Elsewhere in his address the army chief said there needed to be a common understanding about "political democracy" which would encourage a unity of perceptions about the sovereignty of the people.

He said realization of the people's sovereignty would provide greater opportunities for citizens to participate in the political sector of development.

Gen. Sudrajat stressed that more effort should be made to encourage self-reliance and independence among the people.

Addressing the same forum in Bandung Tuesday [18 December], Dr Yuwono Sudarsono, professor of political science and dean of the School of Social and Political Sciences at the University of Indonesia, said that he was hoping that future Indonesian military leaders would focus more on the need for openness, democratization, and self-reliance.

Similar views were aired by Sarwono Kusumaatmaja, minister for administrative reforms.

Sarwono said the Indonesian political system should be "more democratic, more open, more conducive..." so as to facilitate human resources development during the next 25 years of development period.

Meanwhile, Prof. Yuwono said present-day generals were still obsessed with the "trauma of the past," a reference to repeated attempts to split the nation which required the military to adopt the security-oriented approach in dealing with almost every issue.

The older generation of the army is afraid that freedom of speech and democratization would disrupt national unity. Present-day officers are not afraid of such things, and happenings of the past are not traumatic to them. They can be much more open, much more democratic and more independent, Dr. Yuwono said.

He said he was glad to know that some military men, especially of the younger generation, had become PhD and masters-degree holders.

In his view, military alertness to security problems should now be complemented with the alertness to economic problems.

Future military leaders would "fight battles with their brains" and not with weapons, Dr Yuwono said.

The duty of the military can no longer be confined to defending territorial integrity and army emblems. It should now be expanded to defending the nation's interests as a whole in the context of the tough global competition and services needed by other nations. And to build such a nation Indonesia needed to have leaders which could look well into the future.

Dr. Yuwono said Indonesia's modernization drive would produce a highly intellectual society which had a greater ability to criticize anything that went against what they believed in.

The nation's political leadership would face two great challenges in the future—the period between 1993 and 2018, he said. One is the size of the population, which by the year 2015 would reach 230 million, about 40 percent of which would be in the industry and services sectors, and the other is the expansion of the size of the educated community.

This class would consist of people who "have higher levels of criticizing ability," he said. This simply means the government would face heavier burden during the period, he said.

Land disputes, the need for public facilities, arrangements regarding properties, and concessions given to certain people to exploit natural resources in certain provinces would need more careful handling whith "sharp political perceptions," he said.

Minister Proposes 'District Electoral System'

BK2912121790 Jakarta BERITA BUANA in Indonesian 18 Dec 90 p 1

[Excerpt] Bandung, BUANA—A district electoral system was discussed at the 1990 army seminar. Professor Dr. Emil Salim, minister of state for population and environment, raised the matter in his paper entitled "Strategy of Human Resources Development in the Second Stage Long-Term Development Plan" viewed from a socioeconomic angle.

During the seminar at the Army Staff and Command College in Bandung yesterday, Emil Salim proposed that "a district system should be used in the 1997 general elections." This is part of a change in the political structure he has proposed.

He said the idea of using a district electoral system came up during the second army seminar in 1966. The idea was then considered inappropriate because parties were not yet strong.

Emil, as usual, also criticized the centralized system of the administration. Centralization should be replaced with decentralization during the second stage long-term development plan. This can be done by, among other things, instituting regional autonomy.

"Regions can provide civil servants with positions corresponding to the ones in the central government." This will also cover their authority.

The present government career system does not encourage clever persons to work in regions. What is happening now is that they prefer being given positions at director general level in Jakarta because regional posts are below the director general level."

According to him, the present career system does not encourage "the best brains" to move to the regions. "Thus, if we want to deploy the best brains nationwide, the political and administrative structure will have to be adjusted during the second stage long-term development plan," he stressed.

If decentralization and the district electoral system are implemented, qualified persons in the regions will not be expected to move to the capital. Because of this, Emil Salim hoped that we would truly think about changing the political and administrative structure. "This is intended to encourage human resources to be spread nationwide." Thus, regions will grow along with the capital. [passage omitted]

Laos

Phoumi Vongvichit Addresses Teachers, Students

BK3012071890 Vientiane Domestic Service in Lao 1200 GMT 29 Dec 90

[Text] This morning, Phoumi Vongvichit, chairman of the Lao Front for National Construction Central Committee, honored teachers and students of the Vientiane Senior High School by addressing them on the occasion of the international new year. In his address, Phoumi Vongvichit discussed the present changing situation in the world. He then pointed to the achievements that our entire party, Army, and people have won over the past 15 years. He also called on all the teachers and students to persistently strive to fulfill the modification task of effecting new changes in our country, in particular the changes in the ideological and organizational fields and in the working procedures.

Phoumi Vongvichit stressed in his address the importance of the task of maintaining the fine culture of our Lao nation. He told the teachers and students to understand the significance of this task and clearly distinguish the Lao cultural tradition from that of foreign countries.

LPRP Group Returns From French Party Congress

BK2912103490 Vientiane KPL in English 0911 GMT 29 Dec 90

[Text] Vientiane, Dec. 29 (KPL)—A delegation of the Lao People's Revolutionary Party [LPRP] led by Mr. Bouathong, member of the LPRP Central Committee and minister of communication, transport, post and construction, arrived here today after its participation in the 27th Congress of the French Communist Party held in Paris between 18-22 December 1990.

The congress has adopted a resolution on the activities of the party in 1991 and its stance towards the current situation in the world. Mr Georges Marchais was re-elected general secretary of the French Communist Party.

Eye Hospital Receives Aid From U.S. Hospital

BK2812125590 Vientiane KPL in English 0940 GMT 28 Dec 90

[Text] Vientiane, Dec 28 (KPL)—Mr. Robert Rick, professor from the New York Otolaryngological Hospital (USA), on December 26 presented a series of medical books, surgical instruments, and a number of eye illness curing medicines to the director of the Thongpong Eye Hospital. The aid amounted to US dollars 20,000.

The American professor also signed with the director of the hospital a document on cooperation in training of Lao medical technicians and further provision of other equipment to this Lao hospital.

Leaders Thank DPRK Counterparts for Greetings

BK2912103090 Vientiane KPL in English 0906 GMT 29 Dec 90

[Text] Vientiane, Dec. 29 (KPL)—The General Secretary Kaysone Phomvihan of the Lao People's Revolutionary Party [LPRP] Central Committee, who is also chairman of the Council of Ministers, and the acting President Phoumi Vongvichit of the Lao People's Democratic Republic on December 27 jointly sent a telegram of thanks to Kim Il-song, general secretary of the Korean Workers' Party Central Committee and president of the People's Democratic Republic of Korea.

The Lao leaders conveyed their profound thanks to the Korean president for his warm and fraternal congratulations to the Executive Committee of the Lao PRP [LPRP], government and people of Laos on the occasion of the 15th Lao National Day.

They further expressed conviction that the friendly relations and cooperation between the two parties, states and peoples be developed in the interest of peace and social progress.

The telegram also extended the Lao leaders' wishes of success to the fraternal Korean people in implementing the resolution of the Sixth Congress of the Korean Workers' Party as well as in the peaceful reunification of Korea.

On this occasion, Mr. Phoun Sipaseut, vice chairman of the Council of Ministers and foreign minister of Laos, also sent a telegram of the same nature to his Korean counterpart Kim Yong-nam.

Leaders Greet Cuban Counterparts on National Day

BK3112104490 Vientiane KPL in English 0916 GMT 31 Dec 90

[Text] Vientiane, December 31 (KPL)—On the occasion of the 32nd national day of Cuba (January 1, 1959-1991), Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee [LPRP CC] and chairman of the Council of Ministers and Phoumi Vongvichit, acting president, sent a telegram of greetings to Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and chairman of the State Council and Government of the Republic of Cuba.

On behalf of the LPRP CC, government and people of Laos, the Lao leaders extended warm and fraternal congratulations and best wishes to Fidel Castro Ruz and through him to the party, government and the fraternal people of Cuba.

The Lao leaders regarded that victory of the Cuban revolution on Jan. 1, 1959 had opened up a new era of independence, freedom and self mastery of the Cuban people. The achievement the Cuban people have scored over the past 32 years has improved the Cuban people's living condition and enhanced its role in international arena partly owing to its active contribution to the cause of struggle for peace, national indpendence and social progress.

The two personalities also expressed their pleasure to see the constant development of the friendly relations, the solidarity and the cooperation between the parties, states and peoples of Laos and Cuba.

On this occasion, Mr. Phoun Sipaseut, vice chairman of the Council of Ministers and Lao foreign minister also sent a telegram of greetings to Cuban Foreign Minister Mr. Isidoro Malmierca.

Agreements on Development Bank Loans Signed

BK2812131390 Vientiane KPL in English 0925 GMT 28 Dec 90

[Text] Vientiane, Dec 28 (KPL)—The Asian Development Bank (ADB) has granted two loans to the Lao PDR [People's Democratic Republic] for the financial sector program and Se Set hydropower project amounting to US dollars 25 million and 3 million respectively. The grant of the loans were stipulated in the documents signed on December 19, 1990 by the Lao Ambassador to Thailand Mr. Bounkeut Sangsomsak and ADB President Kiminasa Tarumizu.

Also signed on this occasion were documents on two technical assistance grants associated with the loans.

The main objective of the loan for the financial sector program is to assist Laos in developing an efficient and responsive financial system to meet the development needs of its emerging private sector and the economy in general.

The loan for the Se Set hydropower project will finance the foreign currency cost overrun of the project, which was originally financed by ADB.

Minister Reports Measures To Preserve Environment

BK2912102890 Vientiane KPL in English 0904 GMT 29 Dec 90

[Text] Vientiane, Dec. 29 (KPL)—Considering that the national forest is now in an alarming state due to extensive slash-and-burn cultivation practices and timber extraction, the government has adopted urgent measures to redress the situation through arranging fixed engagement for people of about 253,000 families who still live on shift farming, hence ravaging not less than 300,000 hectares of forest areas a year.

Deputy Minister of Agriculture and Forestry Khamouan Boupha yesterday told the local mass-media men of the effort to secure the national forest and environment, involving allocating new cultivated land, and reforestation. The local administrations are responsible for determining the scope of management, protection and rehabilitation.

He stressed that people or business investors are offered to use these land areas and to practise the reforestation which the state recognised their ownership. He also talked about the inventory of the forest and working out of specific projects.

Philippines

President Aquino Gives Year-End Report

HK3112050990 Quezon City Radyo ng Bayan in Tagalog 1300 GMT 30 Dec 90

[Philippines President Corazon Aquino's year-end report, from the "Ask the President" Program—live or recorded, in progress; in English]

[Text] ...are momentarly lightened by the joys of our holiday celebration, let me share with you what we must now do. In the face of crisis, how can the government we so courageously established make a difference in the life of our farmers, our workers, our entrepreneurs, our professionals, the millions of Filipinos who aspire to a decent living, a secure life, and the means to honorably advance their children's future?

At the top of our agenda is the revival of our economy. We cannot close our eyes to (?pain) already being suffered by the poorest of the poor. Neither can we close our eyes to the need for our economy to swallow the prescribed bitter pills.

The different pills are being taken not for the blame they bring but for the cure they [word indistinct] to our economy, with its multiple in interrelated ills. We cannot allow our problems to overwhelm us. We cannot drift from problems that [word indistinct] into a crisis made deeper by our unwillingness to put in the solutions in time. This is why we have put together an economic stabilization program which seeks to address the root causes behind the economic problems that have been enveloping us. We must first and foremost put a decisive cap on our government deficits. We must ensure oil supply and oil conservation by way of a more realistic oil pricing policy. We must secure all the required foreign exchange we need for current operations as well as for maintaining a prudent and increasingly stronger level of reserve. I am pleased to inform you that your government has completed all the preparatory work and negotiations for an economic stabilization program that can get the support of the international community. I am confident that our real advantages, namely in our people, in our land, and our developed resources will improve force and economy, more solid, stronger and certainly more sustainable than any that would foolishly subsist on the false prosperity of hyperinflation wrought by a free-spending government.

As we come to speculative storms, we shall continue to expand our exports, increase the level of private investments, and focus our public investment into vital infrastructure and social service to enhance our resources. As we multiply in our productivity as individuals and as a people, our financial program and public policies can only depend on the vigor and economic enterprise of our communities. And in the coming year we shall breathe through our recovery and rehabilitation from the calamities that beset us. Before the devastation of the earthquake in July and the typhoon last November, I saw in our people a determination to rebuild despite the odds. I am glad to report that our people and this government have moved on so that our devastated communities have begun to grow again.

As a new leadership takes root in our Armed Forces and as our political institutions grapple with our people's concerns, we shall persevere in upholding the law and keeping the peace so vital to our liberties and livelihood. (?Tyranny) in the hands of a few shall not be permitted to wreak havoc on the hope of many. The organization of the new Philippine National Police shall concede consistently with the laws and our communities can hope for a more secure and peaceful life.

In 1991, our government shall function under severe budgetary limitations brought by the need to contain the public sector deficit. This constraint is not withstanding, we shall endeavor to keep our agencies true to the task of public service. The emergence of a political inter-bureau as a prelude to 1992 will not be allowed to divert us from delivering necessary services to those in greatest need. I shall continue to make changes in the executive branch whenever and wherever necessary to assure our people that we remain responsive to their express concerns. I am issuing an administrative order detailing the specifics of the savings and austerity program to be observed by all government agencies. A target savings of 8 billion pesos should be set within 15 days and achieved in 1991. I am directing the executive secretary to recommend to me such measures as are necessary to reduce the number of officials with cabinet rank and to increase the effectiveness of government starting from the Office of the President. It is only proper that most eyes are turned on those of us who hold positions in the national government. We cannot be exempted from the sacrifices everyone is called upon to share. Indeed, we must show the proper example of restraint, sobriety, and of getting back to basics.

We must keep on pursuing the objective of keeping the bureaucracy of the national government trimmer, leaner, more functionally effective. I shall exercise a continuing authority vested upon me as president under Chapter 10

Section 31 of the new administrative code to reorganize my office. I am asking for a review to be completed within 30 days of the agencies and offices now attached to the Office of the President with the purpose of retaining only those mostly directly assisting the presidency or with the highest strategic importance, and of transferring others to appropriate departments.

I am directing the executive secretary to set up a presidential complaints and action office. Outside of the Office of the President, I am also asking the cabinet to propose within 30 days possible mergers and further streamlining so that the number of government offices and departments can be significantly reduced. I am appointing Secretary Peter Garrucho to head the Department of Trade and Industry [DTI] effective January 9 and he is hereby directed to submit within 120 days a plan to to be submitted to Congress for an eventual and smooth merger of the DTI and the DOT [Department of Tourism] into one department in line with our policy of streamlining the bureaucracy. Under Secretary Lilia Bautista will be designate officer-in-charge of DTI from January 2 until Secretary Garrucho takes over. I have accepted with deep regret the resignation of Secretary Fiorello Estuar as secretary of Public Works and Highways. I am assigning Secretary Jose de Jesus to serve as acting secretary of that department. Secretary de Jesus has served effectively as chairman of the Cabinet Action Committee on Implementation Assistance, or the CACIA, and ex-chairman of the presidential task force on earthquake rehabilitation. He goes into DPWH [Department of Public Works and Highways] with excellent credential.

We must vigorously implement the strategy of greater reliance and greater support to local government units. I call upon Congress once again to pass the local government code. I shall, likewise, begin a process of streamlining the regional bureaucracy. For this purpose, we shall be reducing the size of the regional bureaucracy through administrative revolution of those frontline services that can better be performed by local government. This shall be undertaken with minimum disruption on the delivery of basic services in the countryside.

We must effectively call upon and tap the spirit of enterprise among our private citizens. I am directing the DTI, DBP [Development Bank of the Philippines], Land Bank, and IJLS [expansion unknown] to help take the lead in increasing the accessibility of funding, especially outside Metro Manila for small- and medium-scale agro-industrial enterprises. I am creating a cabinet task force on export and investment promotion which will give impetus to exports particularly by small enterprises. Through self-help groups, cooperatives, private volunteer organizations, outreach activities actively undertaken by government financial institutions to multiply the number of entrepreneurs in all regions of the country. I would like to acknowledge the restraint and social responsibility of the labor unions, civic groups, and professional organizations which have added their own voices in condemning violence and discord.

As the year ends, we are comforted by the modest gains we made despite the adversities we had to endure. Severely tested in 1990, we should be realistic about the prospects that lie ahead. Problems will continue to beset us; but having coped with so many grave shocks in the year now coming to a close, we should have the confidence and the grace to move ahead. The homework we must complete demands from all of us total dedication to our nation's cause. Indeed, there is so much that we can do together, especially when our drive against graft, our efforts of internal debt restructuring, and our campaigning for peace and security. I ask everyone to join hands to promote the cause of our people within the democratic space we have gained. Despite the war clouds looming in the distant horizon, we should continue to go the full distance for peace and social justice. The road ahead is being lighted up by the recent significant discovery of oil deposits of commercial quantity within our shores. Tapping on the heels of a huge gas deposit, whose follow-up drillings have already been contracted out, this should brighten up our domestic investment environment. The passage by Congress of the investment liberalization bill I have certified can only send the appropriate signals about the welcome we mean to extend to investors.

The military has also been waging a sustained and successful campaign against destabilizing elements from both the right and the left. I am impressed with the strides that have been made. As commander in chief I am commending the AFP [Armed Forces of the Philippines] for the effective anti-insurgency program it had been undertaking with so much heroism and criticism and with such limited resources. These positive trends testify to the effectiveness of our strategy in confronting the armed threats to the nation's stability. The integration of the capabilities of the AFP, local government units and the concerned citizenry. Our democracy is being put to the test. We already have our democratic institutions in place. The challenge before us is: Can we make them work for economic stability, growth, and development in a period of harsh reality? We are setting the fundamentals right so that government and people together can rise up to the challenge. Before I became president at the worst moments of the past dictatorship I read about Joel Abong, the malnourished child in Bacolod City. At that time I raised some money from my supporters and friends and went to help. It was gratifying to meet people so poor yet so dignified and to partake of the blessing of having helped. I believed then as I do now that if we help each other share our talents and resources, no misfortune and no difficulty can destroy us. And I believe our people are responding and many are coming forward to help those who have less. I shall continue to make this government an instrument of your welfare. Part of the task is to face up to our responsibilities to improve our economy. But part of it is also to assist those less able to catch up with the demands of economic productivity. My beloved countrymen, now more than ever we have to rely on our solidarity as a people. This is the time for patient hard work, for wise sacrifice, for bolstering the courage of our leaders who serve the common good. In working together to do so, we are certain there will be pain and sacrifice, but in the end we all will share in the glory of our supreme achievement as a people. We will have shown ourselves truly deserving of the freedom we now have. A bright and prosperous New Year to all of you. [preceding sentence in Tagalog]

Answers Questions

HK3112090190 Quezon City Radyo ng Bayan in Tagalog 1300 GMT 30 Dec 90

[Year-end news conference held by President Aquino with Malacanang press corps members, moderated by Press Secretary Tomas Gomez III; from the "Ask the President" program—live or recorded, in progress; in English]

[Text] ... [Unidentified correspondent] [Word indistinct] high wages in the country. Do you have any specific instructions to address these problems, particularly through the new trade and industry secretary?

[Aquino] Well, it will not be just the trade and industry secretary that will have to attend to this. In fact, when I met with the businessmen we had talked about the problem of the minimum wage. And what I had suggested to them was perhaps it was time for us to think in terms of the minimum family income where more than one member of the family, possibly two or three members of that family, would contribute to earning enough for this minimum family income. Because as it is now, and this was told to me by the businessmen, we now offer the second highest minimum wage in ASEAN. We are second only to Singapore, and yet our productivity is the lowest. In discussing the minimum wage, I've also informed the businessmen that it is important to have a tripartite conference, to have the labor sector with us, and to have government and the business sector discussing these problems so that together we can arrive at the best possible solution. Both Secretary Estanislao and Governor Cuisia are working hard so that we can bring the interest rates down.

[Correspondent] You met this morning with Secretary Santos. Are you appointing him the permanent secretary of the new Department of Interior and Local Government?

[Aquino] Well, he continues being the secretary of local government. He is now the secretary of the interim local government [as heard].

[Correspondent] Thank you.

[Press Secretary Tomas Gomez III] Yes, the gentleman to the left.

[DAILY GLOBE Correspondent David Santano] Good morning, Mrs. President. I am David Santano from the DAILY GLOBE. What are your targets to this restructuring of the bureaucracy? How many cabinet secretaries [words indistinct]?

[Aquino] Well, first of all I would like to assure all government employees that we are very much aware of their circumstances. And what I have instructed Secretary Orbos to do is to inform them that as much as possible there will be no layoffs. What is important here is not only the matter of reducing the members of the cabinet, but what is more important to me is a speedier delivery of the basic services to our people. As you know, we require legislation in order to merge or integrate the departments. I can only reorganize insofar as agencies are concerned. But where the departments are concerned we will have to work with Congress in order to effect the necessary changes. As I mentioned in my statement earlier, I have already directed the cabinet members to make their proposals with regard to possible mergers.

[Santano] Ma'am, another question. Some would say this restructuring was delayed. It should have been carried out way back. Is it not too late? Will it be enough and will it be effective?

[Aquino] Well, as I said again in my statement, we experienced six external shocks in 1990. If government were not all that prepared this government would have collapsed and the country would really be in a terrible state. Only one or two of these external shocks would really have crippled the economy. But the fact that we are still able to register a GNP growth of 3.1 percent certainly speaks well of this administration. The gains that we made during the past three years, 1987, 1988, 1989, certainly [word indistinct] this government and this administration. And more importantly made this country strong enough to survive after all of these extraordinary shocks.

[Santano] Thank you, Ma'am.

[Gomez] The lady on the right.

[MANILA STANDARD Correspondent Richie Villanueva] Good morning Mrs. President. I am Richie Villanueva from the MANILA STANDARD. In your statement this morning, Mrs. President, you stated your true desire to pursue the economic stabilization program we are committing the IMF [as heard]. If these economic reforms are really that crucial to the country, how do you intend to implement these reforms in light of Congress opposition to pass legislation, such as imposing new taxes, among others?

[Aquino] Well, this morning, while I was reading the newspapers, I was really terribly surprised to learn that Senator Salonga is now saying that it is not good for us to be talking about political affordability, because this is a very welcome change from my conversations with the senator a few weeks ago, when we were discussing the matter of oil price increases. So I hope that we can get the support of Congress in the matter of reducing the budget deficit, and the best way we can do it is to enact the revenue-generating measures. And I would also want to assure our people that the crucial burden will be placed on those who can afford. And we are pushing for taxes on affluent consumption.

[Villanueva] [Words indistinct] complaining about the political difference between the [word indistinct] executive and in the legislative branches of the government. How do you intend to improve, follow up resolutions in the light of the feverish start of the 1992 presidential election?

[Aquino] Well, if you will note, I said in my statement that we will not allow the [word indistinct] intervention for 1992 to prevent us from proceeding with our economic stabilization program and for the other programs and projects which we believe will be the strongest help to our people. I hope, nevertheless, that we will be able to have better relations with Congress. In fact, I think, our relations have been improving. And with Secretary Orbos now as the executive secretary, we have had formal linkages with the congressmen. I feel confident that we will have a smoother and better working relationship with our congressmen and senators.

[Gomez] The lady on the left will now ask a question.

[Unidentified Correspondent] Good morning, Mrs. President. Last Friday you expressed confidence that government would be able to meet the conditions within the timetable set by the Swiss Federal Court, that in one year for a competent [word indistinct] to come out with a legally binding verdict on the criminal case against the Marcoses. If only to recover millions of dollars, even if $350 million dollars is smaller than earlier expected, is government ready to allow the Marcoses to return, to face criminal suits here, despite threats to security that their homecoming may bring about?

[Aquino] I will be meeting with chairman David Castro so that I can learn from him the specifics about the decision of the Swiss Supreme Court and for us to learn also of the recommendations of our Swiss lawyers. So we will be [words indistinct] one of those, and certainly, as usual we will be doing what we believe will contribute to the national interest.

[Correspondent] Do you think, Mrs. President, that the Marcoses are still on top of the greatest threats to security?

[Aquino] You mean to say Mrs. Marcos?

[Correspondent] Yes.

[Aquino] Well, I consider as one of the biggest threats to our security—because of the enormous problems that it has caused our economy—is the present Gulf crisis. That is really wreaking havoc on our economy and certainly making things very difficult for our people. We still do have the threats from the right and the left. But as I mentioned earlier in my statement, the AFP [Armed Forces of the Philippines] has been doing a commendable job in putting down these destabilizing forces. All of these matters will be taken into consideration insofar as the Marcoses are concerned. But I wish to assure our people that whatever decision we come to will certainly be based on the national interest.

[Gomez] The gentleman to the right, representing the Foreign Correspondents Association.

[THE ASIAN WALL STREET JOURNAL Correspondent Laurence MacDonald] Good morning, Mrs. President. I am Laurence MacDonald from the the THE ASIAN WALL STREET JOURNAL. My question concerns relations with Congress. Isn't it that to merge the departments you will need congressional support and approval? But during the recent special session of the legislature it seemed that they were unable to act on most of the items on your agenda. Do you feel that there are other things you can do to secure congressional support for your program. I am thinking specifically about chewing out congressmen, doing a bit of traditional arm twisting. Do you think that's part of your role as president, or are you content to simply tell them that you support particular pieces of legislation and then leave them to field the action?

[Aquino] No, on the contrary, we are pleased with what the House of Representatives did in support of my bills. They acted on all of them and in fact I have been assured by Speaker Mitra and the other leaders of the House of Representatives that they will continue supporting my bills. It is unfortunate, though, that the Senate did not have the time to approve these measures. But I understand again from them that once Congress resumes session on January 14, they will take up the bills that I endorsed to them during the special session. In particular I have made mention of the alien stay legalization law. And insofar as arm twisting is concerned, I do a different kind of arm twisting, but as you know there will be elections in 1992 and perhaps we will be able to work together with each other in order to assure that the country will have an economic rebound and that in 1992 this country will proceed to even greater heights under the leadership of whoever my successor will be. I think a great number of us are really concerned about the national interest and about what will help our people. I refuse to believe that many of our leaders are just concerned about their political interest. So on that basis I feel sure that we will be able to work out and to cooperate with each other in the enactment of the bills necessary for our economic stabilization program.

[MacDonald] I just want to know what sort of [words indistinct] do you see for the passage and signing into law of the new foreign investment legislation and can you give us some sense of the timetable for your cabinet reorganization? When do you expect to have it completed?

[Aquino] Well, as I said earlier, I will make the changes when and wherever necessary so it's not as if, you know, for this month I will be removing one cabinet member or changing one cabinet member. It is important for us to ensure that those departments that are doing very well and are in fact delivering the basic services to the people will continue and in fact will even improve on their accomplishments. Insofar as the foreign incentive bill is concerned, well, according to Secretary Estanislao, based on his conversations with Senator Paterno, the foreign incentive bill will be the first to be passed when Congress resumes session.

[Gomez] The gentleman on the left.

[INQUIRER Correspondent Jerry Lirio] Good morning, Mrs. President. I am Jerry Lirio from the INQUIRER. When you accepted the resignations of Secretary Concepcion and Macaraig, you said you were simply going to pressure some [words indistinct]. Did you think that the two were incompetent? They only lost their effectivness because of their [words indistinct]. May we know for the record what are your plans for other cabinet members who are equally criticized by the senators and the public in general, like Secretary Jayme, Secretary Santos, Secretary Carino, and Secretary Caragues?

[Aquino] Well, you know, we live in a democracy and certainly one of the best proofs of this is we are able to criticize anybody and everybody, including me, but that will not be the sole basis for my dispensing with my cabinet members. In fact the cabinet members, both Secretary Macaraig and Secretary Concepcion, and then yesterday I had a long talk with Secretary Estuar, it has really been difficult for them and they feel that they spent so much time having to defend themselves that they do not give the necessary time to their main tasks. So insofar as criticism is concerned we will have to live and accept that, that is a part of democracy. And what we can only ask for is that along with the negative criticism, perhaps there could be some positive reports also with regard to the accomplishments of this administration and the cabinet members in particular.

[Lirio] Thank you, Ma'am. Another question. There is a clamor for the creation of a Department of Energy in the face of the Gulf crisis.

[Aquino] Well, there is a pending bill in Congress and in fact I have already talked with Pat de la Paz. He was, in fact, instrumental in providing some of the provisions of that particular bill.

[Lirio] But are you in favor, Ma'am, of this?

[Aquino] Yes, of course.

[Gomez] We have time for one last question from the gentleman on the right.

[Correspondent] I am David [name indistinct] from [words indistinct]. I just [words indistinct] in your country back in November. And since I arrived [words indistinct] implementation of the oil price hike and now this cabinet reshuffle. [Words indistinct]. Do you think that that is a proper procedure for [words indistinct] in 1991. [Words indistinct]

[Aquino] Well, my confirmed critics will always say the negative things about me and I've learned to accept that. The way I operate is I do what I believe is right and what I believe will contribute to the national welfare. Insofar as changing cabinet members are concerned, in a parliamentary form of government that is of course much easier to accomplish. In my case, where we only have 500 days left in my administration, I also take into very serious consideration the time that it will need for somebody who is out of government to initiate himself or herself into the intricacies of working in government. So all of these are taken into consideration and it helps me to appoint people who I know already have that kind of experience in government and will be able to provide not only being in this administration, but more importantly the people, with the kind and quality of work that our people deserve.

[Correspondent] A follow-up question. We are in the Gulf crisis. There is certainly a large U.S. armada at Subic Bay. What are your feelings about [words indistinct] the Philippines being used as a [word indistinct] for U.S. troops over there?

[Aquino] Well, we have supported all of the UN Security resolutions. And I have said as much that we will of course follow all peaceful processes, but when the time comes that force is necessary, then this is a matter.... [changes thought] As the Philippines is a member of the United Nations and as we have said that we will support all of the UN Security Council resolutions we shall do so. But in the meantime our contribution is that of a medical mission which we dispatched early this month, and the first batch was composed of 200 doctors, nurses, midwives, and medical technologists. And in fact, yesterday in our cabinet meeting, Secretary Ileto reported to me and to the cabinet about the reception that our medical mission had received in Saudi Arabia and also his assessment of the present conditions there and also of the January 15 deadline.

Aquino Repeats Support for UN Force Resolution

HK3012055890 Hong Kong AFP in English 0537 GMT 30 Dec 90

[Text] Manila, Dec 30 (AFP)—Philippine President Corazon Aquino, whose country hosts two U.S. military bases, Sunday repeated support for the U.N. resolution authorizing the use of force against Iraq if it fails to leave Kuwait by January 15.

She made the statement three days after a 13-ship U.S. Navy task force from California, along with a Marine expeditionary brigade, arrived at Subic Naval Base, northwest of here, for training exercises on the way to the Gulf.

The task force will join the international armada against Baghdad.

"We have supported all of the U.N. security resolutions," Mrs. Aquino told a news conference when asked about the presence of the Gulf-bound U.S. warships in her country.

"I have said as much, that we will of course follow all peaceful processes but when the time comes that force is necessary... we will support all of the U.N. security resolutions," she added.

Philippine Senator Wigberto Tanada, an opponent of the U.S. bases, has warned Mrs. Aquino against allowing Washington to use them as launching pads for military attacks, which he said could be tantamount to a declaration of war against Iraq.

Clark Air Base, also in the Philippines, and Subic are the biggest overseas U.S. bases, and their lease expires in September.

The two sides are still negotiating the facilities' future.

Ramos on Emergency Powers for Aquino, NDF Talks

BK2912144890 Hong Kong AFP in English 1156 GMT 29 Dec 90

[Text] Manila Dec 29 (AFP)—Philippines President Corazon Aquino does not need special emergency powers despite the country's economic crisis, top security officials said here Saturday.

They were reacting to reports that business leaders had called on Mrs. Aquino to seek such powers in anticipation of a tighter economic situation if war breaks out in the Gulf.

"These are matters we are still discussing," Defense Secretary Fidel Ramos said, but did not elaborate.

National Security Adviser Rafael Ileto said he did not think there was need for such powers at the moment.

But if a need for such powers arose "it's not too difficult to enact a law," he said. "In one day's time, they can enact a law if there is a need for it."

Mrs. Aquino was granted special emergency powers for a 90-day period after a bloody December 1989 coup attempt, but largely limited her use of these powers to imposing price controls and calling for stricter firearms laws.

Mr. Ramos also brushed aside statements by communist insurgents that their captured comrades should be appointed to act as peace negotiators in talks between the guerrilla leadership and the government.

"I think they are asking too much," Mr. Ramos said, reacting to a statement from communist insurgent umbrella group the National Democratic Front (NDF), saying they were willing to open peace talks with Manila if it let captured guerrilla leaders act as NDF negotiators.

Manila held peace talks with the NDF in December 1986, but the talks soon collapsed and the 21-year old guerrilla war swiftly resumed.

Official Opposes Emergency Powers for Aquino

HK2912090190 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 29 Dec 90

[By Dick Sinchiongco of Mobile Unit No. 6]

[Text] National Security Adviser Rafael Ileto is opposed to granting emergency powers to President Aquino in order to effectively address the problems the country would face in the event of a Gulf war. He told Malacanang reporters that the president has sufficient powers to resolve the problems. He reiterated that she only needs to be aggressive in using her powers.

[Begin Ileto recording in English] [words indistinct] As far as the emergency powers, I think we have enough. I think the president has enough powers. [end recording]

Earlier, businessmen proposed emergency powers for Mrs. Aquino to face the imminent crisis which the Gulf conflict would effect.

Public Works Secretary's Resignation Accepted

HK2912090390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 29 Dec 90

[By Dick Sinchiongco of Mobile Unit No. 6; italicized passages denote English]

[Text] President Aquino accepted the resignation of Department of Public Works and Highways Secretary Fiorello Estuar. In her letter to him, the president expressed sadness over his resignation and thanked him for the work he has done. Estuar's resignation letter states that he does not want to expose his family to *the pain caused by the unrelenting assaults of those who have made it their business to malign government officials.* Furthermore, he said: *I am not prepared to continue to pay this added price for rendering public service. It is time to go and go with dignity.* These are parts of his resignation letter which is dated 15 December.

'Ethics and Professionalism' Praised

BK2912115490 Hong Kong AFP in English 1128 GMT 29 Dec 90

[Text] Manila, Dec 29 (AFP)—Fiorello Estuar, the controversial secretary of public works and highways, resigned Saturday, a move President Corazon Aquino accepted with "deep regret."

Meanwhile, Tourism Secretary Peter Garrucho confirmed he was being considered to head a combined trade and tourism department but added, "there are serious problems to that on the legal side."

Mr. Estuar's resignation was the latest stage in a continuing cabinet revamp that began earlier this month when Mrs. Aquino accepted the resignation of her chief aide, Executive Secretary Catalino Macaraig.

Trade Secretary Jose Concepcion, who has been accused of using his position to help his family's businesses, filed his resignation also this month.

Mr. Estuar said in his letter to Mrs. Aquino, "I do not wish to further expose my family to the pain caused by the unrelenting assault of those who have made it their business to malign government officials."

Although Mr. Estuar was credited by foreign aid groups with speeding up the implementation of foreign-funded projects in this country, he was frequently assailed by Congress for resisting some of their initiatives.

The media also criticized him for the poor state of the infrastructure, particularly in the capital.

Mrs. Aquino said in a statement that Mr. Estuar had always performed with "the highest standards of ethics and professionalism." She did not name Mr. Estuar's replacement.

Since December, Mrs. Aquino has been replacing Cabinet members who have become unpopular with Congress in an apparent bid to shore up political support. She has said she would announce all the new secretaries on Sunday.

The government has also considered combining some departments to reduce bureaucracy. Mr. Garrucho was reported in newspapers as being slated to head the combined trade and tourism departments but he told reporters, "It is really premature. All of these things will have to be sorted out yet."

Reducing the number of line departments would require a special act of Congress, which is reportedly planning a special session to draft such an act.

Condition Set To Release Marcos Wealth

HK2812140190 Manila Radio Veritas in Tagalog 1300 GMT 28 Dec 90

[Text] There is no need to file a criminal case against the Marcoses in order to retrieve their $350 million of money and possessions from the Swiss banks. Presidential Commission on Good Government Chairman David Castro said the guilty verdict in the ongoing civil cases against the Marcoses would be sufficient to meet the condition demanded by the Swiss Supreme Court, which is the declaration of a Philippine court within a year of the legally binding verdict stating that the said amount of money stashed in the Swiss banks are ill-gotten wealth. Chairman Castro explained that the civil suit confiscating the Marcoses possessions are penal in nature, similar to a criminal case. To file a criminal case would mean the return of the rest of the Marcos family members. In the meantime, Castro hopes that the documents involving the disputed bank accounts will be handed over to the Philippines in January so that the court can meet the one year deadline set by the Swiss Supreme Court.

In Malacanang, the president expressed hope that the country can meet the Swiss Supreme Court demand. She did not directly mention the filing of a criminal case against the Marcoses. Here is Press Secretary Tomas Gomez III reading the president's statement:

[Begin recording in English] Switzerland's Federal Supreme Court should be [words indistinct] as a victory for the Filipino people. It is a favorable disposition at the highest judicial level of that country. Of our request for cooperation in regard to documents and evidence, that would be a great help in prosecuting the cases against the Marcoses and [words indistinct], and associates in the recovery of ill-gotten wealth. Furtherfore, it approves the return, upon some conditions of $350 million of such ill-gotten wealth found in Switzerland. For our part, we are confident that we will be able to fulfill the conditions within the time frame agreeable. [end recording]

Armed Forces Chief Pledges Honasan's Arrest

HK2912015390 Manila Far East Broadcasting Company in Tagalog 0100 GMT 29 Dec 90

[Text] Outgoing Armed Forces of the Philippines Chief General Renato de Villa pledged that former Lieutenant Colonel Gringo Honasan will be arrested before he retires from service next year. He admitted that there are difficulties in hunting him down. Honasan was captured earlier but escaped with the soldiers who were guarding him in a detention cell of a Philippine Navy ship. According to the military, Honasan is one of the masterminds of the six failed coup attempts. De Villa said the government is not in favor of granting amnesty to rebel soldiers.

Communist Rebels' Strength Weakens by 30 Percent

HK2912091590 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 29 Dec 90

[Text] The Armed Forces of the Philippines [AFP] reports that the Communist Party of the Philippines-New People's Army [CPP-NPA] forces weakened by 30 percent. AFP records show that the NPA has only 17,910 men compared to 25,200 in 1987. Their firearms also decreased in comparison to four years ago. Because of the government's rebel returnee program, the NPA's firearms have been reduced by 23.7 percent from 15,000 in 1987 to 11,830.

200 Rebel Returnees Beneficiaries of U.S. Aid

HK2912063990 Quezon City Radyo ng Bayan in Tagalog 0600 GMT 29 Dec 90

[Text] Two hundred communist rebels, who surrendered to the government and victims of Typhoon Ruping [Mike], received relief assistance from Hubon Sakauslagan Foundation [HSF] in Iloilo City. The aid, which is over 200,000 pesos, came from the United States' Agency for International Development through the Philippine Business for Social Progress. Lina Grino, HSF chairperson, said the amount was used to buy food and housing materials for the returning rebels. The families of the rebel returnees each received 1000 pesos for housing materials and 200 pesos for food. The rebel returnees, who are the beneficiaries of U.S. aid, live in the towns of Lemery and Kalinog in Iloilo City.

Three Visayas Rebel Leaders Captured in Iloilo

HK2812030190 Manila THE MANILA CHRONICLE in English 28 Dec 90 p 7

[By Manny Mogato]

[Text] Three ranking communist leaders in the Visayas were captured in a constabulary raid yesterday in a barangay captain's house in Jaro, Iloilo.

They were identified as Manuel Homena, head of the Panay Regional Party Committee (PRPC) and alternate central committee member of the CPP [Communist Party of the Philippines]; Nilo Prieto, head of the PRPC white area committee; and Gilbert de Monteverde, an armed unit commander of the committee.

(White areas refer to territories free of communist influence and control but capable of being infiltrated by armed propaganda units.)

Homena's wife, known only as Mayette, and an unidentified man were detained for questioning by the raiders, who were led by Maj. Raul Gonzales of the Iloilo Metropolitan District Command.

PC-INP [Philippine Constabulary—Integrated National Police] chief Brig. Gen. Gerardo Flores, in a Camp Crame press briefing, said Rodolfo Laporca, vice commander of the New People's Army delta force was able to escape during the raid.

The rebels were meeting inside the house of Barangay Captain Marietta Orleans on Fajardo St. in Barangay Cuartero in Jaro when troops, acting on a tip, surprised them.

Three M-16 Armalite rifles, three rifle grenades, a 9mm pistol, and a caliber 45 pistol were taken from the rebels, who offered no resistance.

A light truck and a white Lancer car were also recovered from them.

Homena carried a P [Philippine peso] 700,000 cash reward for his arrest. He is the ninth ranking communist leader arrested this year.

Prieto, according to Flores, is also the head of the urban territorial committee which covers all cities and major towns in Iloilo, Antique, Aklan and Capiz Provinces. He is also a known National Democratic Front personality in the region.

De Monteverde, who is also known as Ka [Comrade] Rambo, is the head of the cimaron and delta forces, the armed component of the CPP in the regional white area committee.

The cimaron and delta forces are said to be the local counterparts of the Alex Boncayao Brigade.

50 Communist Rebels Killed in Davao Raid

HK2712050990 Manila MANILA BULLETIN in English 27 Dec 90 pp 1, 12

[By Ped Velasco]

[Text] Davao City—A rebel training school and camp of the New People's Army (NPA) in Mindanao was raided the other week by government troopers following bombardment by Air Force fighter planes and helicopter gunships, killing 50 rebels and wounding 65 others, Army authorities disclosed here yesterday.

Col. Danilo Olay, 602nd Infantry Brigade commander, said the training camp called "Paaralang Politiko Militar [Political Military School]" was concealed in a two-hectare forested area in Barangay Kidawa, San Vicente, Davao del Norte.

Olay said the air raid was conducted by the Composite Air Support Force of Region 11 with four "Tora Tora" planes, a Sikorsky helicopter and two Huey helicopters.

The bombarded camp was later assaulted by a battalion of Army troopers of the 602nd Infantry Brigade.

The brigade commander said there were about 50 rebels killed in the air strike during the heavy ground fighting that followed while 65 other rebels were wounded but were able to escape.

He said the school had about 200 rebel leaders taking up the "Abanteng Kursong Pang-opisyal" (Advanced Officers Course) under the tutorship of 20 Tagalog-speaking instructors. Some of these students were commanders of the Main Regional Guerrilla Units of the NPA on Mindanao.

Of the 45 structures destroyed in the rebel camp, 15 were administrative buildings, he said.

The camp was earlier discovered by Army intelligence men of the 602nd Infantry Brigade.

Brig. Gen. Oswaldo Villanueva, 6th Infantry Division commander, who visited the area together with Olay, noted that there were several observation posts in the rebel camp.

The encampment was difficult to detect due to heavy vegetation in the area and because it was about three kilometers from center of Barangay Kidawa.

The rebel camp has a basketball court and a free-following water system using bamboo pipes. Also recovered at the camp were two electric generators, a mini printing press and with silkscreen equipment, officer computers, medical supplies, instructional charts, documents and a Browning Automatic Rifle.

The security of the camp was provided by a certain Commander Ryan and his men who abandoned the camp at the height of the siege, Olay said.

Ex-NPA Rebel Surrenders to Quezon City Police

HK2612100190 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 26 Dec 90

[By Francis Calado]

[Excerpt] A former Leyte New People's Army [NPA] rebel along with his girlfriend, who was the root of his violation of the NPA code and eventual escape from the movement, surrendered to Quezon City authorities. The rebel lived here for several years before deciding to surrender last night to Major Raul Medina, Central Police District's Station 1 commander. Salvador Romula, alias Comrade Marvin and Baboy, joined the NPA in 1983 and escaped with his girlfriend in 1989 because they were facing disciplinary actions in the NPA court. They lived temporarily with his cousin in Metro Manila. [passage omitted]

Cagayan Town Mayor 'Ambushed,' Escapes Unhurt

HK2412082390 Manila THE MANILA CHRONICLE in English 24 Dec 90 p 6

[By Joey Caburnida]

[Text] Suspected communist guerrillas ambushed and killed a Constabulary soldier but failed to kill the Cagayan town mayor he was escorting.

Reports reaching Camp Crame named the dead as Sgt. Feliciano Cayaban of the 120th Constabulary Co., one of four escorts of Virgilio Herrero, Centro Bagao town mayor.

Reported missing and believed captured by the rebels was Constable 2nd Class Fernando Salazar, another escort of Herrero.

Herrero himself and his two other escorts escaped capture and injury.

A group of soldiers who rushed to the scene encountered the rebels in Barangay Assasi, Centro Bagao, and reportedly wounded or killed an undetermined number of them.

Troops reinforced by armored personnel carriers (APCs) were still pursuing the rebels, reportedly still holed up in Bagao.

1,716 Muslim Rebels Surrender to Ramos

HK2412081990 Manila THE MANILA CHRONICLE in English 24 Dec 90 p 1

[By Herbie Gomez]

[Text] Iligan City—Defense Secretary Fidel Ramos yesterday acepted the surrender of 1,716 Muslim separatist guerrillas and their 33 commanders—so far the biggest batch of surrenderors from Central Mindanao in 1990—at Ditucalan in this city.

During formal ceremonies at Task Force Diamond 2 Camp, the guerrillas, all hardcore members of the Bangsa Moro Liberation Organization (BMLO), also turned over 1,045 assorted high-powered firearms and ammunition.

Ramos, in return, paid them P [peso] 3.4 million from the government's National Reconciliation and Development Program, for the firearms.

Datu Norodin Lucman, BMLO chairman and negotiator, said that 120 BMLO commanders and 2,000 guerrillas had refused to surrender to the government.

Despite this, negotiations for their surrender are still ongoing, Lucman said.

Also at the ceremonies were former congressman Muhammad Ali Dimaporo, former Lanao del Sur governor Princess Tarhata Lucman, 4th Infantry Division Chief Brig. Gen. Quintin Alcudia and Task Force Diamond 2 Commander Brig. Gen. Antonio Nale.

Since last January, 52,00 Muslim guerrillas have surrendered to the government.

NPA Propaganda Officer Arrested in Pangasinan

HK2312023390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 22 Dec 90

[Text] Government authorities arrested a high-ranking officer of the New People's Army [NPA] propaganda unit Thursday night in a village in Sta. Barbara, Pangasina. According to a delayed report to the Constabulary, Francisco Bautista, alias Comrade Allan and Frank, was arrested while visiting relatives in Sta. Barbara. According to Colonel Ferdinand Lagman, Pangasinan Philippine Constabulary provincial commander, Bautista was arrested by elements of the 153d PC [Philippine Constabulary] Company and did not resist arrest. Bautista was said to have been carrying a P [Philippine peso] 70,000 cash reward on his head and is in the military's order of battle list.

Suspected NPA Rebels Kill Anticommunist in Cebu

HK2312022790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 22 Dec 90

[Text] Three armed men, believed to be New People's Army members, shot and killed a member of an anticommunist group on V. Rama Avenue in Cebu City yesterday afternoon. The police also reported that a woman standing near the crime scene was hit by a stray bullet. Killed was Juanito Lim, 37 years old, and a member of an anticommunist group called Slap on the Communists based in the city. Hit by a stray bullet was Lucia Alvia, 32 years old. She sustained a wound in her right leg. According to the police, the victim was about to ride his motorcycle when the assassins arrived and fired shots at Lim.

Eight Killed in Several Insurgency Cases

HK2112124390 Manila DIYARYO FILIPINO in Tagalog 21 Dec 90 p 8

[By Fer Taboy and Dan Ambrocio]

[Text] Malolos, Bulacan. Five former members of the Communist Party of the Philippines-New People's Army were killed while one was seriously wounded when they were ambushed by their former comrades yesterday morning. The victims' names were not disclosed even as the investigation continues.

Bulacan Philippine Constabulary-Integrated National Police [PC-INP] chief Lieutenant Colonel Efren Q. Fernandez said the five former rebels were on board a jeep on their way to a factory to mediate in a labor dispute at around 11:00 AM when their vehicle was intercepted by a dump truck on the Maharlika Highway, several kilometers away from the PC Provincial Headquarters. Some 20 communist insurgents in the truck shot them to death. The suspects were led by a certain Emiliano Bautista, alias Comrade Dems, a renowned rebel leader in Bulacan.

The victims tried to shoot back and this prompted the rebels to flee. They stopped a passenger jeep which they used to escape. According to Fernandez, the returning rebels were ambushed for their collaboration in 'Operation Somewhere' launched by the PC-INP last July 13 against the communist rebels. A hundred and fifty active communist rebels were arrested in Bulacan. This includes several top officials.

Meanwhile, according to the report received by PC-INP Chief Major General Cesar P. Nazareno, two members of the Citizens Armed Force Geographical Unit [CAFGU] were killed in two separate incidents in Quezon.

The combined forces of the 42d Infantry Brigade and the 88th CAFGU Company were attacked by 200 insurgents at around 11:30 PM in Barangay San Vicente, Gumaca, Quezon. The two CAFGU men killed during the hour long fight are Reynaldo Cacao and Manuel Agoncillo. Three military men were injured. They are Joselito Cordonales, Cesar Gonzaga, and Rolando Rehoy.

The Tiaong Constabulary Command reported that 20 New People's Army rebels attacked Barangay Kabataan in Tiaong, Quezon. An insurgent identified as alias Tony was killed. A .45 caliber and some documents of the movement were recovered from him.

Nine Suspected Rebels Arrested in Quezon

HK2112095590 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 21 Dec 90

[By Jennifer Postigo]

[Text] Nine suspected members of the CPP-NPA [Communist Party of the Philippines-New People's Army], particularly the Alex Boncayao Brigade [ABB], were presented today to the media at the Capital Region Command [Capcom] Central District in Camp Karingal, following their arrest in a saturation drive and follow-up operation carried out by Capcom elements led by Colonel George Alinio in Baesa, Quezon City. Arrested in Homer Street, Baesa, Quezon City at about 0130 at dawn today were: Geronimo Nicolita alias Ronnie Paras; Jimmy Alcantara alias Jim; Leodegario Ocampo alias Loi; Renato Rivera alias Rene; Benjamin Rivera alias Benny; Antonio Magalona alias Tony; Leoncio Gamana alias Nonoy; Fernando Salipot alias Armando; and Armando Basco alias Mandy. According to Colonel George Alinio, the rebels were among the Alex Boncayao Brigade group they encountered during a funeral march for an ABB member in June. We learned that confiscated from the nine members were two .38 calibre guns; 16 bullets for .38 calibre guns; subversive materials; CPP-NPA flags, and various photos taken during the funeral march for their comrade in June. They are now detained at the Capcom Central District in Camp Karingal, while investigations and searches for their other comrades continue. They will be charged with illegal possession of firearms in furtherance to rebellion.

Thailand

Minister To Visit Thai Workers in Saudi Arabia

BK3012074590 Bangkok Domestic Service in English 0000 GMT 30 Dec 90

[Text] Deputy Interior Minister Watthana Atsawahem will leave for Saudi Arabia next Saturday [5 January] to boost the morale of Thai workers there and to provide assistance for them on food, accommodation, and medicine.

Mr. Watthana says that the visit will help in the formulation of the government's evacuation plan for the safety of Thai workers in case the war breaks out in the region.

He urges relatives of the workers not to panic as the government has already prepared assistance for the workers.

Mr. Watthana says that a number of private firms have expressed intention to offer 10,000 job vacancies to Thai workers returning from the Middle East.

The Expressway and Rapid Transit Authority will also accept a large number of workers for its construction projects. Moreover, many job vacancies are available for other several projects under the Eastern Seaboard Development Program.

Border Checkpoint With Burma at Myawaddy Reopens

BK3012095590 Bangkok Army Television Channel 5 in Thai 1230 GMT 29 Dec 90

[Text] Trading between Thai and Burmese traders resumed yesterday after the reopening of the Thai-Burmese border checkpoint at Myawaddy, opposite Ban Rim Moei in Tha Sailuat, Mae Sot District, Tak Province.

The Burmese authorities approved the border reopening after Thailand agreed to the conditions set by Burma. The long-tailed boats which were idle for nearly a month began transporting goods from Thailand to the Burmese border. Exports include corrugated iron sheets and monosodium glutamate. All goods must be thoroughly checked by Burmese bomb detection authorities. Hundreds of people from Myawaddy, hard hit by shortages of food and necessary goods, crossed to the Thai side of the border to buy goods.

Thai traders in Mae Sot commented that Thailand yielded to several conditions set by the Burmese authorities just to have the border reopened. Thailand agreed that its traders and owners of river piers assume responsibility if a bomb is found hidden in the cases of the goods exported. Burma handed down as many as 11 conditions for the opening of the border checkpoint. If those conditions are violated, Thai nationals will face legal action. But Burma did not say whether the culprits would be tried under Thai or Burmese law.

'Tight Security' Enforced

BK3012052690 Bangkok THE NATION in English 30 Dec 90 p A3

[By Somchit Rungchamratratsami]

[Text] Tight security control was enforced on Friday as Burma reopened the Myawaddy border checkpoint which was closed for a month since an explosion took place in late November.

Thai authorities said hundreds of Burmese crossed the Moei River that day to purchase goods and other basic necessities in Mae Sot as there was a severe shortage of necessities during the one-month closure of Myawaddy, a Burmese border town opposite this Thai northern district of Tak.

Long-tailed boats loaded to the brim with assorted commodities also commuted back and forth the eight-metre-wide river from the nine Thai piers to the Burmese town. However, all of them had to undergo a thorough Thai security check against explosive devices before being transported across the country.

Burmese authorities at the same time tightened their security inspection and also checked border passes of all the Burmese who travelled between the two countries.

The reopening of the Thai and Burmese border coincided with a border inspection trip by Assistant Army Chief Gen Arun Pariwattitham who on Friday visited the army's Task Force 34 at Mae Sot. Arun said the closure of Myawaddy from Nov 29 following an explosion a day earlier had affected Burma adversely while the effects on Thailand were minimal.

Arun urged local Thai officers to closely cooperate with their Burmese counterparts in security control for the safety of the people of both countries. Thailand's policy, he said, has always been sincere where its neighbour was concerned and intends to promote ties with Burma.

However, it will maintain its neutral stance and not side with either the Burmese government or the opposition as the political situation in Burma is purely the domestic affair of the Burmese, according to Arun.

Government Revises Foreign Policy on Burma

BK2912011190 Bangkok BANGKOK POST in English 29 Dec 90 p 1

[Text] Thailand plans to open contacts with Burma's opposition National League for Democracy [NLD] while maintaining good relations with the military regime in Rangoon.

A well-informed source told the BANGKOK POST yesterday that the revised policy on Burma, which has been endorsed by the Foreign and Interior Ministries as well as the military, aims at flexibility and openness and is more in line with international sentiment.

The military has recently forced close relations with the Saw Maung regime in Burma.

Thai authorities have already quietly established contacts with the NLD, the source said.

As part of the revised policy, the source said, Foreign Minister Athit Urairat offered at a meeting with Burmese Ambassador U Nyunt Swe on Wednesday to arrange a meeting with Burmese dissidents taking refuge in Thailand.

The Burmese ambassador was caught off-guard by the offer but agreed to it.

The meeting, which would be the first of its kind, would take place in Bangkok, the source said.

The ambassador reportedly said he had tried several times without success to meet with the dissidents at the Thai-Burmese border.

The opening of contacts between the two sides is seen as a step towards stopping the influx of intellectuals from Burma to Thailand, the source said.

"This is part of an effort to create an understanding and restore peace in Burma," said the source.

Editorial Calls Chatchai Coalition 'Flimsy'

BK3012041290 Bangkok THE NATION in English 30 Dec 90 p B3

[Editorial: "New year, old problems"]

[Text] The year 1990 is coming to an end with old political problems remaining unresolved and new problems cropping up to disrupt the new Chatchai administration. Yet Prime Minister Gen Chatchai Chunhawan is as determined as ever to hang tough and try to steer his ship of state through another year of political storms in 1991.

His flimsy coalition government will face a major test in the House of Representatives next week when Parliament reopens for a special session to listen to the policy statement of the new Chatchai Cabinet. After that there will be an interlude of a few weeks before opposition parties gear up for the annual parliamentary sesion starting in early May.

If the five parties in the government coalition can still hold together when Parliament reconvenes, they will undoubtedly face a strong concerted attack of the Opposition in a no-confidence debate. And for the first time premier Chatchai himself will likely be the main target of the censure as several opposition leaders, particularly those in Social Action and Democrat parties, obviously have an axe to grind. Their main objective is to force the premier to dissolve the House and call an early general election.

Though the premier's hope is to complete his four-year term which ends in mid-1992, he may be more willing to consider dissolving the House next year as his Chat Thai will remain the strongest party and stand to win the largest number of House seats in the next general election. By replacing his two former coalition partners, Social Action and Democrat, with Solidarity in the new coalition, the premier has regained the initiative. A House dissolution before the no-confidence debate will also save him from a great deal of political trouble and personal anguish.

Earlier this year there were reports that Premier Chatchai was ready to step down. That was when he openly groomed ex-army chief Gen Chawalit Yongchaiyut as his "political successor". But since Chawalit left his fold, the premier has apparently changed his mind; now he wants to stay in power for as long as he can. There are also indications that he may run in the next election rather than wash his hands from politics when the term of his premiership comes to an end.

One of the indications was the co-opting of Puangchon Chao Thai Party—led by former army chief Gen Athit Kamlang-ek—to the government coalition since last August. Suwat Liptaphanlop, a young, first-time Puangchon Chao Thai MP [member of parliament] from Nakhon Rachasima received a "surprise" appointment to be deputy communications minister. In the new government, Puangchon Chao Thai, with only 17 MPs, was again coopted and Suwat reappointed to his former Cabinet post—much to the chagrin of the party's secretary general, MP Bunyong Watthanaphong Uttaradit, who was pased over twice.

Suwat happened to garner the top votes in the constituency in which Premier Chatchai came a distant second. The 35-year-old MP was pleased, so pleased that he may join the premier's party and help it sweep all the three House seats in this key constituency. In the last election, Bunthung Phonphanit of Ratsadon came third; he was appointed deputy education minister in the new government. If Bunthung doesn't join Chat Thai, he will liekly be edged out by a formidable team of Suwat, the premier, and a third Chat Thai candidate who needs a safe seat.

Should Premier Chatchai decide against running in the next election, Chat Thai will face a great deal of difficulties in finding a new party leader who can be the next prime minister. Interior Minister Praman Adireksan, who turns 77 this week, is the only distinct candidate. But he lacks the stamina for the tough wheeling and dealing in coalition politics.

If for any reason Chatchai leaves national politics for good, the spotlight will be on Chawalit who has confidently announced his ambition to become the next prime minister. He and his followers in the New Aspirations party have been preparing groundwork for contesting in the next election.

New Aspirations is definitely the party to watch. It has tacit military support. It has entered into an "ideological alliance" with Solidarity and Prachakon Thai. Even the centrist Palang Dharma finds Chawalit quite an acceptable political leader to do business with.

Moreover, unlike Chatchai, Chawalit has no political enemies. The ex-army chief is also known as a good power broker who is willing to negotiate in a give-and-take spirit.

Most important of all, Chawalit can get along with the military, especially Army Commander Gen Suchinda Khraprayun and his cohorts from Class-5 of Chulachomklao Royal Military Academy.

Between General Suchinda and Premier Chatchai, however, the bad feeling remains. The Army chief and his colleagues still decline to return to the breakfast table at the premier's residence, where they used to meet every Wednesday morning.

Without strong military backing, Premier Chatchai will find himself vulnerable. His political dependence on the divisive Solidarity party makes his position even more precarious. Should Solidarity, which has 62 MPs, turn against him, the premier's coalition of 227 MPs will be 14 votes short of a minimum winning majority in the 357-member House.

When so much is at stake, the next general election will once again see widespread vote-buying in the provinces. When too many politicians have to pay their way into the House, it is unrealistic to expect them to do a better job in serving people and protecting national interest than the present government.

Chatchai Comments on Foreign, Domestic Issues

BK2912012590 Bangkok THE NATION in English 29 Dec 90 p A2

[Text] Prime Minister Chatchai Chunhawan's New Year wish for the country is probably very much the same as is in the mind of many Thai people—no war in the Middle East.

Should the war between the US-led international forces and Iraq unavoidably break out, then the repercussions on Thailand would be hopefully minimal, the premier said.

"But the best thing for us is a no-war situation," he added.

Chatchai was speaking with reporters about his New Year wishes which included calm political waters for 1991.

"I think things on the political scene will be fine (under control). However I cannot muzzle critics because we are in a democratic system," Chatchai said.

The premier shrugged off predictions in Singapore and Hong Kong that the political risks in Thailand would be very high for investors next year. "I am not surprised because Hong Kong is in trouble with the approaching deadline to become part of China. I tell you what, other countries are green with envy when they look at Thailand's situation," he said.

Chatchai painted a positive picture with his prediction of Thailand's economic performance in 1991. He said he expected export revenues of the country to achieve the target and the economic growth to continue at a good rate.

"We cannot expect a double-digit growth rate for next year but I would be satisfied if the economy grows at the rate of some seven per cent next year. Seven per cent is in fact a relatively high growth rate and I am confident that next year won't be a bad economic year for the Thai people," he said.

The premier said the inflation rate which was feared to rise from six per cent this year to 7-8 per cent or even close to 10 in 1991 can be controlled if the price of rice was not allowed to rise too high.

But on the other hand, he said the government also sympathized with farmers who deserve higher revenues from their rice production. "We will help them because they are still poor," he added.

Reacting to a warning by the Bank of Thailand against overspending by the government and the private sector, Chatchai said he would make sure that the government would earn more in revenue. He also emphasized that Thailand's exporting performance was doing impressively.

He said the Board of Investment has granted promotional privileges to only one-fourth of the applicants because Thailand's infrastructure was not adequate as yet to cope with the dramatic increase in investment.

The immediate task was to ensure that the country had enough supply of construction materials, particularly cement, he said. In this context, he warned against cement hoarding, saying that it would hurt because a shipment of 500,000 tons of cement was coming to Thailand to meet local demand.

On environmental and social fronts, Chatchai said the priority task was to tackle the problems of growing pollution which have become critical.

Air pollution has reached dangerous points in many areas in the city and the government would crack down on motorcycles and public buses emitting excessive black smoke next year. The lead content in gasoline will also be reduced, he said.

The government will also seriously tackle the problem of waste water in the city's canals which had become "garbage dumps", he said. "Environmental degradation is a critical problem in the metropolis which is supposed to house only one million people, and not eight million as is the case these days," he said.

Chatchai Aide Urges Revamping of Economic Laws

BK3112031290 Bangkok THE NATION in English 31 Dec 90 p A2

[By Somphong Kitthinaradon] [Text] The government must overhaul all economic laws which are not responsive to the present economic and social realities, a policy adviser to the prime minister has urged.

In an interview with THE NATION, Surakiat Sathianthai said that many existing laws were outdated and all the economic laws were designed to have a controlling function rather than facilitating economic growth.

"The sixth and seventh plans (Sixth and Seventh National Economic and Social Development Plans) clearly mention the strategy of facilitating economic growth. But all our present economic laws are, by their very functions, controlling ones.

"There are three functions which laws can perform - control, supervise or facilitate—and from our research, we have found that a huge number of laws do not serve the present purpose of facilitating economic activities," he said.

As an example, Surakiat said, the law governing hotel operations was promulgated when only small motels were in existence.

Duplication of jurisdiction is also another problem which needs to be resolved through law reform, according to the PM's [prime minister's] adviser who gave the example of fishing as one area that needs to [be]

looked into. While the Fishery Department ministers the law to promote small- and medium-scale fishing in areas up to three miles from Thailand's shoreline, National Park Act articles in fact rule the three-mile area as part of the natural reserves.

"Imagine (the scenario of) a citizen who is encouraged by one law to do something and then is arrested under another law for that same activity," Surakiat said.

Illustrating the seriousness of the law entanglement, the policy adviser said more than 1,000 departmental regulations had been issued under the 23- article Customs and Tariff Act.

"Believe it or not, the original texts of some of the regulations have been lost and therefore the law is enforced by photocopies," he said.

Surakiat also said that under the present land laws and regulations, a businessman has to go through more than 40 government agencies.

"Businessmen would not mind it if they know exactly how many agencies they have to deal with, or if it was a one-stop service so they could deal with all the involved agencies at the same time," he said.

Surakiat said that revision of the laws to introduce the one-stop service would reduce bureaucratic red tape and officials' "discretionary powers."

He said reforming the laws was a mammoth task which must involve not only lawyers but also economists, sociologists and political scientists.

It would be a grave mistake to have only lawyers draft a law about investment because they will not understand it totally, he said.

Surakiat said that legislation is needed to set up a law reform committee to maintain the continuity of reform and ensure sufficient flow of funds.

The Chatchai I government has drafted such a bill which would set up a secretariat for the committee and ensure budgetary allocation for its work. The government forwarded the bill to the House in the last parliamentary session but unfortunately, MPs' misunderstanding on the committee's powers forced the government to withdraw it from the agenda at the last minute, he said.

Surakiat said that MPs, including government legislators, looked at the bill as being a mechanism to set up an agency as powerful as the Office of the National Economic and Social Development Board, and they feared that the committee would be empowered to screen all the bills they initiate.

"It was a sheer misunderstanding because the law reform committee is not intended to reform laws but only to recommend to the executive branch to reform executive regulations and advise Parliament to reform acts," he said.

He said the right of MPs to initiate draft bills was a "constitutional right" which cannot be undermined by any law.

Surakiat said it was imperative that the government urgently push for the passage of the law when parliament reconvenes.

The law reforms would be based on the premier's policy to promote international competitiveness, the free trade system, non-interference by the government in the private sector's economic activities, and deregulation, he said.

'Red Tape' Said Scaring Foreign Investors

BK3112044490 Bangkok BANGKOK POST in English 31 Dec 90 p 18

[Text] Government red tape and shortages of infrastructure, human resources and export processing zones meant foreign investors were avoiding Thailand and investing instead in Malaysia and Indonesia.

The electronic and watch industries were worst affected, as they needed the support of many component manufacturers.

"For example, a home electrical appliance comprises more than 1,500 components," said Chianchoeng Kanlayanamit, president of Professional Equity Management Corporation (PEMCO), an investment consultant firm.

He said the Government's policy was uncertain and based on political conditions.

Toshiba Thailand Group's vice president Niramon Suriyasat considered the shortage of skilled labour the main problem causing foreign investors to move their investment from Thailand to Malaysia and Indonesia.

"The existing implemented projects will not be quit, but the new development projects, which were previously expected to be established in Thailand, will be reconsidered," she said.

Dr Chianchoeng said the cancellation of a recently-announced Seiko integrated watch plant in Thailand had caused Japanese investors to seriously reconsider their investment projects in Thailand.

"Because they have to be careful in their overseas investments," he said.

However, Board of Investment [BoI] Deputy Secretary-General Sathaphon Kawitanon explained Seiko's withdrawal was over a pollution problem.

Dr Chianchoeng said a watchmakers' association from Hong Kong had confirmed cancellation of investment in Thailand because Malaysia had been given a preferable investment rating of about 75 percent, as opposed to Thailand's 20 percent.

He said this meant Thailand had lost many thousands of millions of baht in investment opportunities, as the association had about 1,500 members.

"Watch and electronic industries are in the same investment situation in that they will need more supporting industries," he said.

Although the cost comparison between Thailand and Malaysia was almost the same, Dr Chianchoeng said Malaysia was fully supported by its Government.

Dr Chianchoeng complained that BoI officials had also caused some investment problems, through their aggressive approach to creative ideas to promote overseas investment in Thailand.

"I would like to say the BoI top management are promoters and marketers, but the BoI officials act as the second Customs Department," he said.

The BoI representative, Mr Sathapon, accepted that the BoI officials' problem would take some time to improve as it was an organisational problem.

Mr Sathapon said about 40 percent of approvals had not been implemented.

Dr Chianchoeng said Malaysia had more than 15 free trade zones, like export processing zones in Thailand, while Thailand had only two zones.

"The process of setting up an export processing zone was very complicated because of a long process of approvals," he said.

Moreover, he said, the Goverment did not concentrate its infrastructure investment on exact areas, and this meant Thailand had suffered from the misconcentration policy of the Government.

Although there were many problems facing foreign investment in Thailand, Dr Chianchoeng said it did not mean Thailand was the worst because there were many good points, including low labour costs, high economic growth, domestic energy supply, and Government support for the policy to use Thailand as the gateway of Indochina.

Mrs Niramon said she was worried about the foreign investment cancellation because this could cause unemployment.

1991 Economic Growth, Inflation Rates Predicted

BK2812070090 Bangkok Domestic Service in English 0000 GMT 28 Dec 90

[Text] Thailand's economy in the next two years will continue to grow at an average of 7.5 percent if there is no severe inflationary pressure.

Speaking at a seminar on Thai economy in 1991-1992, Governor of the Bank of Thailand Wichit Suphinit said the projected growth rate is considered quite high when compared with other developing countries. South Korea's economic growth rate during the period is likely to stand at 6.7 percent, Hong Kong 3.1 percent, and Singapore 5.2 percent.

The governor said infrastructure investment in Thailand in the next two years will be as high as 800 billion to one trillion baht.

As a result of the current economic deficit, it is expected to reach 185 billion baht accounting for 7.5 percent of the country's gross domestic product [GDP]. The inflation rate is expected to rise to 7.5 percent due to higher costs of commodities.

1990 Economic Growth, Inflation Assessed

BK2812115790 Bangkok Domestic Service in Thai 1200 GMT 27 Dec 90

[Text] Thailand's economy has continued to grow at a higher rate than those of its neighboring countries over the past three to four years, according to the Governor of the Bank of Thailand Wichit Suphinit.

[Begin Wichit recording] If we look of the overall picture of the country's economy this year, based on our assesment, this year's economic growth rate would be about 10 percent. It is slightly lower than the previously anticipated figure of 10.4 percent. However, the 10 percent growth rate is considered very high when compared with those of our neighboring countries, and much higher than the growth rates of industrialized countries. If we go back four years, we can clearly see that Thailand's economic growth rate in the period is very high. The average growth rate of the last four years, including this year, is 11.2 percent per annum. In four years, income per capita has risen by at least 50 percent compared to that of 1987. It is quite a rapid growth.

Regarding inflation, as I have said before, it is a result of our fast economic growth, because it requires a great deal of money, raw materials, and labor. This has caused an increase in the costs of commodities. According to the latest assessments by various government agencies, which are not much different from each other, it is estimated that the growth rate of commodities prices or the inflation rate this year would be about 6.1 percent, which is slightly higher than the 5.4 percent of last year. [end recording]

Government Concerned About Trade Deficit

BK2812034990 Bangkok THE NATION in English 28 Dec 90 p B12

[By Duangkamon Chothana]

[Text] The National Economic and Social Development Board [NESDB] has predicted that consumer demand will grow at a moderate level of 5.5 percent next year while investment development would be in the range of eight to 11 percent.

Secretary-General Phisit Phakkasem said the agency's greatest concern next year is the worsening of the current account.

The deficit here is expected to rise to 7.6 percent of the gross domestic product at Bt [baht] 172.6 billion.

The country's planning agency has predicted that next year's growth rate will be in the range of seven to 7.5 percent, with inflation at about eight percent.

Meanwhile, NESDB, Bank of Thailand and the Finance Ministry plan to jointly present the overall economic outlook and policy recommendations to the Council of Economic Ministers in January following the government's policy announcement in Parliament.

Some of the problems of 1991 will be created because of the uncertainties in the Gulf, oil prices and world trade resulting from the collapse of the Uruguay Round of talks, which will lead to greater trade protectionism.

Income distribution will not be better next year for farmers outside the irrigation areas and those living in congested communities, such as pensioners.

The income gap between the rich and the poor will widen from the current estimation of 13 times due to the fall in the prices of agricultural products.

Although consumer demand is expected to rise by 9.1 percent to Bt1.2 trillion in 1990, the growth next year would drop by about almost half to five to six percent because of the anticipated slump in the income of farmers, higher oil prices and falling stock market investment.

The agricultural sector will grow at a dismal two percent next year compared with minus two percent this year, according [illegible] the NESDB.

One consolation is the growth in state consumption next year at three percent, compared with this year's 2.9 percent at Bt200.7 billion.

Investment in the private sector will grow by eight percent next year from this year's total of Bt597.3 billion, a 23 percent rise over 1989.

Forecast growth figures for investment in construction and machinery for 1991 were not available but they are expected to grow by 23 percent this year to Bt231.4 billion and Bt365.9 billion, respectively.

Investment in the public sector will grow by 13.5 percent next year from this year's Bt131.7 billion, of which Bt101 billion are attributed to construction.

The country's gross national product is expected to reach Bt2.3 trillion next year from this year's Bt2.051 trillion, with a per capita income of Bt40,016 and Bt36,399, respectively.

The growth in the industrial sector is predicted at 8.5 percent next year and nine percent in the construction sector.

Exports will grow by 13.6 percent next year to Bt670 billion, while imports will rise 15.3 percent to Bt940 billion, according to the forecast.

Next year's trade deficit will be 11.7 percent of the GDP, or Bt270 billion.

The service account will show a higher surplus of 13 percent next year from tourism earning, which is expected to reach Bt126.2 billion.

Government Warns of Inflation If Wages Increase

BK2812035790 Bangkok BANGKOK POST in English 28 Dec 90 p 15

[Text] The National Economic and Social Development Board (NESDB), the Finance Ministry and the Bank of Thailand have separately warned the Government inflation next year will rise beyond control if the minimum wage is raised to more than 100 baht a day.

The price of goods, fuelled by a high minimum wage, will also skyrocket, NESDB Secretary-General Phisit Phakkasem said yesterday.

Dr Phisit said if the minimum wage is allowed to go higher than 100 baht, inflation will be higher than 10 per cent despite a projection of 7.5 per cent to 8 per cent next year.

Exports will also be less competitive in the world market, affecting the economy in general.

High inflation will diminish the real value of the minimum wage in any case.

"If the minimum wage is raised higher than 100 baht workers will receive lower real-value wages, instead of the higher pay they wanted.

"The minimum wage, therefore, should be raised in line with the capability of industries to cope with it."

The NESDB believes the proper rate for the new minimum wage is 100 baht a day, Dr Phisit said.

Meanwhile, at a separate press conference, Bank of Thailand Governor Wichit Suphinit also said the central bank believes the proper level of the minimum wage for next year is 100 baht a day.

The bank based its projections of next year's economic outlook on an assumption the minimum wage will be raised to 100 baht a day.

"It is very necessary for the Government to adopt prudent and strict fiscal and monetary policies if it wants a stable economy. If the Government fails to control key economic factors, including the minimum wage, the growth rate next year will be higher than 7.5 per cent as projected. That means the economy will continue to be overheating and the inflation rate will rise over 10 per cent per annum while the current account will suffer a deficit of more than 200,000 million baht, or over 9.5 per cent of the gross domestic product. If so, the country's economy will be in big trouble," Mr Wichit said.

Finance Minister Banhan Sinlapa-acha said after chairing the Exchange Equalisation Fund meeting at the central bank that the minimum wage must be raised in line with the economic situation.

"If it is raised too high, it will harm the economy. The inflation rate, in particular, will be high and unmanageable," Mr Banhan said.

However, he declined to give his view of the proper minimum wage.

"I do not want to interfere in the matter. It depends on the decision of the tripartite committee."

Service charge rates of public utilities must be also controlled, he said.

"If they go up high, it will add pressure on inflation."

Mr Banhan said prudent and strict fiscal and monetary policies have to be implemented.

"Excess spending will be no longer allowed."

At the same time, the Finance Ministry will try to encourage more public savings to serve investment.

Rising Current Account Deficit Worrisome

BK2712031490 Bangkok BANGKOK POST in English 27 Dec 90 p 17

[Text] The rising current account deficit is causing concern for Bank of Thailand Governor Wichit Suphinit despite the favourable economic growth rates expected over the next two years.

Mr Wichit said the current accounts in 1991 and 1992 were expected to record deficits of 185,000 million baht each year, equal to 7.1-7.5 percent of the country's gross domestic product [GDP].

"This rate is too high," he said. "If it is allowed to grow at this level, it will harm the economy, particularly the country's external debt."

The current account developments are the same as occurred in 1984-85 when the Government reacted by devaluing the baht to solve the problem.

Fortunately, he said, other factors of the local economy will remain favourable over the next two years, diminishing the need for another devaluation.

"The country has recorded 10 percent economic growth this year, while the inflation rate is 6.1 percent. Still, the current accounts deficit is expected to be equivalent to 7.5 percent of GDP," he said.

Mr Wichit said the central bank had reviewed its economic forecasts for the next two years using a world oil price of $28 a barrel as its base. It earlier used $30 a barrel as its base.

The reviews indicate the Thai economy will grow an average 7.5 percent for 1991-92, with inflation also rising 7.5 percent each year.

"Exports will continue to perform well.

"About 75 percent of export earnings are from industrial goods. Our exporters adjust well to cope with market demand. They have diversified to reduce their reliance on certain products and markets.

"This means the expected slow down in the world trade and economy will not have such a drastic effect on Thailand," he said.

The price of Thai exports must be kept low in order to compete.

Based on these favourable fundamentals, Mr Wichit said there was no need for the Government to resort to drastic measures, such as a baht devaluation, in response to the high current account deficits.

Mr Wichit also said an inflation rate of up to 7.5 percent in 1991-92 was still manageable.

Mr Wichit said when asked whether a minimum wage of more than 100 baht a day would exceed the projected inflation rate:

"There are many factors affecting the inflationary pressure. If the minimum wage is higher, we can control other factors to ensure a manageable inflation level."

National foreign reserves currently stand at $14.5 billion, equivalent to 5.5 months of imports.

"This is considered strong because the normal rate is equal to only three months of imports."

The external debt is still quite low at only 10.2 percent of GDP.

"The strength of the baht in relation to the US dollar does not indicate the need for a devaluation," he said.

Mr Wichit said the projected economic growth rates of 7.5 percent for each of the next two years were down on the last two years, but still higher than the figures for some neighbouring countries.

The country is grouped among those countries with the world's highest economic growth.

South Korea's economic growth is projectd at 6.7 percent next year; Hong Kong, 3.1 percent; Singapore, 5.2 percent; India, 3.3 percent; Indonesia, 7.6 percent; and Malaysia, 8.1 percent.

Mr Wichit said the Bank of Thailand and Finance Ministry would continue to adopt prudent policies to keep the economy stable despite the favourable growth figures.

The Finance Ministry is planning a balanced budget and will reduce any excess government spending, while the central bank will secure enough liquidity for investment and encourage savings from the public to reduce the savings investment gap.

The Government is expected to spend about 800,000-1,000,000 million baht during the next two years on infrastructure investment.

Mr Wichit said: "Infrastructure investment is necessary for the further development of the country. If the expenditure is to be cut, it should be done in non-productive sectors."

He said trends showed international interest rates were expected to rise because of the increased demand for capital worldwide.

"The changes in the world such as the unification of Germany and developments in Eastern Europe indicate the demand for capital in these countries will increase.

"If oil prices remain high, oil importing countries will demand more capital to offset their higher trade deficits," he said. Mr Wichit said international interest rates would not have too great an effect on the local market.

"The domestic interest rate depends mainly on the local demand for loans."

Mr Wichit said the demand for loans was expected to fall next year, so local rates would also likely drop.

Official Predicts 8.5-9.5 Percent Economic Growth

BK2512050090 Bangkok Domestic Service in English 0000 GMT 25 Dec 90

[Text] The Thai economy is expected to grow by about 8.5 to 9.5 percent this year after reaching the high growth rate of more than 11 percent for two consecutive years. The forecast was made by executive director of the Board of Trade of Thailand Prayun Thaloengsi, who predicted that the agricultural sector will register marginal growth of three percent. The industrial sector is projected to go up by 14 percent, while the service sector will register growth rate of nine to 10 percent as against 12 percent last year. Expenditures by the private sector soared during the first half of this year but are expected to slow down in the last 6 months of this year.

According to Mr. Prayun, investment in Thailand is expected to expand by 16 percent in 1990, with export growing by 16 percent and import by 25 percent. Thailand's trade deficits this year are expected to reach 230 billion baht, with inflation of six to seven percent.

Bank Warning on Wealth Distribution, Pollution

BK2812141090 Bangkok THE NATION in English 28 Dec 90 p A1

[Text] The country's economic growth will eventually come to a halt unless the government acts now to tackle seriously the chronic problems of uneven distribution of wealth and rapid environmental degeneration, the Bank of Thailand warned yesterday.

Wichit Suphinit, the central bank governor, urged the government to improve the education of the farming populace and invest more in improving public health services for them as the fundamental ways of solving the two problems.

The rapid economic restructuring which has boosted the importance of the industrial sector above the agricultural one has left the farming population behind and these large group of low-income people are finding it difficult to adapt themselves to the new lifestyle, he said.

The farmers need more education, otherwise they would turn to the easy but damaging way of encroaching upon national forests to try to sustain their incomes and make a living, he said.

"This is a very fundamental problem which the government must start tackling now, otherwise the environmental problem would become too serious and tangled up to solve easily in the future," he warned.

At present, only 40 percent of the farming population graduate from primary schools (Pathom Suksa) compared to 67 percent in Indonesia, which is now at the same stage of development and economic level as Thailand, he said.

Better public health services for the farming population would enable them to adjust easily to new economic and social ways of life, he said.

On its part, the bank will play supportive roles by introducing monetary measures which would help promote equal distribution of incomes to the poor, he said.

The bank will also extend more credit to the Bank of Agriculture and Agricultural Cooperatives (BAAC) to help increase its efficiency in helping the farming population, Wichit said.

In addition, the Industrial Finance of Thailand, a tool of the Finance Ministry to promote industries, would also join in the efforts by supporting cottage industries in rural areas with training programmes on financial planning and management, he said.

The points were made as the government reportedly prepared to deliver a government policy statement to Parliament on Jan 9. In the draft statement, informed sources said, the Chatchai II Cabinet would single out as its priority areas the distribution of incomes, sustaining economic growth and maintaining economic stability.

With only a year and eight months left in office, critics doubt that the government can do much in solving the two chronic problems of unequal distribution of incomes and rapid destruction of of forests.

Thai Trade Deficit With Singapore Reported

BK2412074090 Bangkok Domestic Service in English 0000 GMT 24 Dec 90

[Text] Thailand suffers a large trade deficit with Singapore due to higher prices of petroleum products which Singapore re-exports. The commercial counselor in Singapore Mr. Ratchan Thongkaeo reports that the economy of Singapore has been adversely affected by the Iraq-Kuwait incident. The growth has slowed down by 1 to 1.5 percent. However, Singaporeans have high purchasing power with an average of annual income of U.S. $10,500 per head.

Singapore mainly imports and re-exports the products. Thus the growth depends on economic situation of its trading partners. Thailand has been importing petroleum products through Singapore at an increasing rate. Food items are major Thai exports to that island state with good prospect for the future. Manufactured goods, and electrical and computer components, meanwhile, will be on the decline, the commercial counselor points out. The current trade deficit Thailand suffers with Singapore is about 18 billion baht a year with petroleum products as major items.

Solidarity Party Parliament Member Arrested

BK2812144990 Bangkok Army Television Channel 5 in Thai 1230 GMT 28 Dec 90

[Text] The police today arrested Dusit Sophitcha, MP [member of parliament] from Ubon Ratchathani Province, for extortion. Somchit Setsin, owner of Tipco Asphalt Company, charged him with extortion of up to 1 million baht and a pickup van. Dusit Sophichat was brought by authorities, along with the confiscated properties, for interrogation at the office of Assistant Police Chief Police Lieutenant General Prathin Santipraphop. The interrogation lasted for more than two hours. Police Director General Sawaeng Thirasawat reported to newsmen afterwards that the arrested MP will be detained at the Crime Suppression Police. He said there should be no problem concerning bail. An investigation team has been set up.

[Begin Sawaeng recording] Police officials were waiting for him. At about 1300, Mr. Dusit showed up. He took the money and the van. The officials waited until 1320 and arrested Dusit when he was driving the van from the house of the plaintiff, which is located on Rama VI Road. Dusit was arrested along with the properties he extorted. [end recording]

Dusit Sophitcha denied the charge, calling it a set-up. He said that he knows Prasit Sapsakhon, who is the father-in-law of Somchit Setsin and the person who accused him, very well.

[Begin Dusit recording] When I took the gift, I did not open up the two packages to see what was inside them. This is because we know each other very well. We are as close as brothers. When I came out, I saw a large crowd of policemen. The policemen who arrested me today are the same group of men who interrogated me yesterday over the charge I made against the Erawan Trust Company. I was so surprised. I wondered what are they doing to me. I would like to say that I have been framed with the dirtiest method possible, and that I will never give up my effort to dig up the corruption case as long as I am an MP. I am not afraid of him, no matter how big that person is, in this country. I put my life at stake. What happened to me today I consider an injustice done by the administrative leader who laid a scheme to trap me. [end recording]

Spokesman Denies Helping Lao, SRV Rebels

BK3112111190 Bangkok Domestic Service in Thai 1200 GMT 30 Dec 90

[Text] Lieutenant General Narudon Detpradiyut, director general of the Supreme Command Information Office, denied charges that Thailand helped antigovernment movements in Vietnam and Laos. He said:

[Begin Narudon recording] Regarding Vietnam and Laos' suspicions that Thailand has provided assistance to antigovernment movements there, I would like to stress that Thailand has no policy of interfering in the internal affairs of our neighbors. We have not given them any support. We have only provided shelter on humanitarian grounds. We thought antigovernment movements might have received financial or arms support through Lao and Vietnamese people from third countries. The Thai Government has never given such assistance. So, I would like to reject this. [end recording]

The Army commander has instructed soldiers along the Cambodian border to use drastic measures to deal with foreign armed bandits preying on villagers inside Thai territory. Army Secretary Major General Anuson Kritsanaserani said:

[Begin Anuson recording] The Army commander is concerned with the people living along the Thai-Cambodian border who have been preyed upon by foreign armed bandits. The Army commander has instructed border soldiers to intensify their suppression against these armed bandits. Besides, the suppression against armed bandits have resulted in the deaths of armed Khmer bandits. There were facsimiles sent from foreign countries to our new agencies saying that Thai soldiers have killed Cambodians. I have already explained that this was a result of suppression against armed bandits. So, if such news reports reappear, I would like you to be fair to the Army and the Thai authorities. [end recording]

Commerce Ministry To Promote Rice Export

BK3012073090 Bangkok Domestic Service in English 0000 GMT 30 Dec 90

[Text] The Ministry of Commerce will promote export of high-grade rice to foreign markets to obtain higher prices thus helping to boost domestic rice prices.

Commerce Minister Amaret Sila-on says that export of high-grade rice should be focused upon as Thailand is facing increasing competition on export of rice of low quality from other rice producing countries, such as Vietnam.

According to the minister, Thailand's rice export this year has reached 3.8 million tons—a decline of 36 percent from last year. While exports of low grade rice have dropped, the country has been able to sell more high-grade rice during the period.

Mr. Amaret calls on farmers to grow more rice of better quality and reduce cultivation areas for the second rice crop which mainly yields low-grade rice.

Meanwhile, the Ministry of Interior is accelerating its paddy market intervention scheme by purchasing paddies from farmers and processing it in the form of rice for sale to the public at lower prices.

Vietnam

State Council Communique on 27-28 Dec Session

BK3012161390 Hanoi Domestic Service in Vietnamese 1430 GMT 30 Dec 90

[Communique of the Council of State]

[Text] On 27-28 December 1990, the Council of State met under the direction of Chairman Vo Chi Cong.

1. The Council of State was briefed on the results of the National Assemly's 5-21 December session. The National Assembly's eighth session took place in an urgent, animated, and democratic atmosphere. The National Assembly adopted four draft laws and devoted time to discussing and deciding on the socioeconomic objectives and tasks for 1991, as well as on other important issues facing the country. The National Assembly also set forth policies and measures aimed at overcoming the serious difficulties and challenges in the new year to firmly stabilize the situation in all fields and continue to advance our country's socialist construction.

At this session, the National Assembly reviewed its activities over the past three years and more and set forth the program of action from now until the end of its term to enhance its work efficiency and gradually eliminate formalism, thus meeting the people's aspirations.

The Council of State urged compatriots and combatants nationwide, all echelons and sectors, mass societies, and social organizations to uphold the spirit of self-sufficiency and self-reliance, accelerate the production of food supplies and consumer and export products, seriously practice thrift, intensify the campaign against smuggling and corruption, purify the state machinery, and successfully implement the important resolutions adopted by the National Assembly.

2. Based on a report by the Council of Ministers, an investigative report by the State Science and Technology Commission, and the views given by the National Assembly Economic, Planning, and Budget Committee, the Council of State passed the draft regulations on product quality.

Given the current development of the multisectorial commodity economy, the promulgation of these regulations is of utmost importance because it can help secure uniform state control over product quality, protect consumers' rights, and contribute to promoting production and business transactions, as well as to broadening trade ties with the outside world.

3. The Council of State was briefed by representatives of the Council of Ministers on the people's suggestions, amendments, and supplements to the draft law on income tax for high-income earners, and the views given by the National Assembly Economic, Planning, and Budget Committee and Judiciary Committee.

Empowered by the National Assembly, the Council of State adopted and promulgated these regulations to guarantee social justice and generate more income for the state budget.

4. After hearing a summary of views given by National Assembly deputies and the recommendations of the Council of Ministers, the National Assembly Judiciary Committee, and other standing bodies of the National Assembly, the Council of State adopted the legislature's program of action for 1991.

Due to the need to further accelerate the overall renovation undertaking, meet the requirements of socioeconomic management, and strengthen the socialist legal system, the legislature will have very heavy tasks to fulfill in 1991. Concentrated efforts are needed to prepare the draft document on amending the 1980 Constitution and the draft document on amending and supplementing the laws on the organization of the state mechanism. In addition, priority should be given to efforts to formulate and adopt laws and regulations aimed at renovating the economic management mechanism and boosting production and business operations, keeping in mind the need to secure uniformity for these laws and regulations.

The Council of State set forth a number of policies and measures that the Council of Ministers, the National Assembly standing bodies, and other agencies concerned should implement to satisfactorily fulfill the task of consolidating the legal system.

5. The Council of State was briefed on Indonesian President Suharto's official friendship visit to Vietnam from 19-21 November 1990 and a friendship visit to Laos by our high-level party and state delegation led by Chairman Vo Chi Cong from 30 November to 4 December 1990 on the occasion of the 15th National Day of the Lao People's Democratic Republic [LPDR].

The Council of State highly valued the results of President Suharto's visit and regarded these as a new step in the good development of the friendship and cooperation between our country and Indonesia.

The Council of State warmly acclaimed the fine results of our high-level party and state delegation's visit to the LPDR and maintained that the delegation's activities had contributed to consolidating and strengthening the special friendship and all-sided cooperation between Vietnam and Laos.

The Council of State unanimously agreed with the contents of the exchanges of views of a joint meeting in Vientiane on 2 December 1990 between the high-level party and state delegations of Vietnam, Laos, and Cambodia.

6. The Council of State decided to appoint a number of judges to the Supreme People's Court and a number of procurators to the Supreme People's Organ of Control.

Nguyen Van Linh Delivers Address to Conference

BK2912022790 Hanoi Domestic Service in Vietnamese 1400 GMT 27 Dec 90

["Text" of speech by Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, at 27 December all-army politico-military conference—recorded]

[Text] Dear Comrades: Today, I am very glad to meet you, Comrades, at this all-army politico-military conference. On behalf of the Political Bureau and in my capacity as secretary of the party Central Committee's Military Commission, I would like to welcome all of you, Comrades, to this confernce and through you, I would like to extend my warmest greetings to all the cadres and combatants of the heroic Vietnamese People's Army.

Dear Comrades: Four years have passed since the promulgation of the party Central Committee's Sixth Plenum resolution determining a renovative line for our entire party, Army, and people. During that period of time, aside from new advantages, we have met with countless difficulties and obstacles at a time when the world is undergoing radical changes.

With our staunch revolutionary spirit and loyalty to socialist ideals and Uncle Ho's cause, we have come up with a renovative line that cannot be found in any existing textbook or in any models. Yet, we have scored very important achievements. Life has attested to the correctness of the course chosen by the sixth party congress and the many resolutions adopted by the party Central Committee and the Political Bureau. Our people and Army are fully capable of building socialism and our party is capable of directing the practice of socialism in order to bring about a new life in our country.

Over the past four years, in a complicated international situation and amid acute economic difficulties in the country, our Armed Forces have joined with the entire people in achieving many great things:

First, they successfully effected a major strategic readjustment. With the help of the party Central Committee's Military Commission and the Ministry of National Defence, the Political Bureau has issued its Resolution No. 02 on national defense work, correctly evaluating the enemy and friendly situations and more throughly disseminating the concepts about people's war, about all-people national defense, and about the building of the People's Armed Forces. On that basis, the Political Bureau has decided on the readjustment of the strategy for national defense.

In reality, we have completed readjusting the disposition of forces in the entire country, creating a reasonable national defense posture both in width and depth, and strengthening our defense at vital areas. We have step by step deployed and built various provincial and city defense areas, decided on work that should be done, and organized military drills in various localities. We have taken a fundamental step in reorganizing our personnel staffing, resulting in a reduction by a large number of active soldiers—totalling 600,000 men. Making such a large troop cutback is not easy. We have settled in a relatively satisfactory fashion various questions regarding benefit systems and policies.

In parallel with the reduction of the regular force, we have paid attention to increasing the building of the militia, self-defense, and military reserve forces. The militia and self-defense forces have undergone a signficant reorganization along the direction of reducing their numerical strength, improving their quality, and developing their effectiveness so they can contribute to maintaining political security and public order and safety in various localities.

Second, we have concentrated on building the Armed Forces politically, trying to ensure its political steadfastness in the face of complicated situations at home and abroad, while not losing sight of the socialist objectives and ideal. This is to enable it to satisfactorily perform the duty of protecting the party, the socialist state, and national independence and sovereignty and to effectively fulfill its international obligation and its duty of taking part in national construction. On this basis, we have stepped up our efforts to build the Armed Forces in all respects in order to gradually improve its overall quality.

Third, we have satisfactorily fulfilled the international obligation toward the Lao and Cambodian revolutions. After helping our Lao and and Cambodian friends achieve comprehensive growth so they can be strong enough to assume their own duty of protecting their revolutionary gains and their fatherlands, we have promptly withdrawn our Army volunteers home. The wholehearted assistance given by our people and Army to the Cambodian and Lao revolutions in the spirit of pure internationalism has further consolidated the friendly and cooperative relations as well as the fine sentiments between our people and Army and the peoples and Armies of the two fraternal countries of Laos and Cambodia.

Fourth, the party Central Committee's Military Commission and the Ministry of National Defense have adopted a correct policy to maintain the system of defense enterprises and to organize the Armed Forces in economic construction. Defense enterprises have exerted great efforts in the manufacture of defense products while stepping up the production of general merchandise so they can maintain their operations and contribute to building the country.

Military organizations engaged in economic construction, however, have encountered numerous difficulties in the materialization of the new management system and, coupled with a failure in certain localities to ascertain the tasks and the range of goods, have strived to fulfill their annual plan, thus making it possible for us to ensure national defense requirements and to participate in national construction.

During the last four years, while implementing the sixth party congress resolution, our Armed Forces have achieved important progress in renovating the sphere of military activity and national defense as a whole, thus contributing to the common renovation efforts of the country.

On behalf of the party Central Committee, I would like to commend you—Army generals, officers, and men in the entire Armed Forces—for having developed the fine tradition and revolutionary character of the Vietnamese People's Army and having fulfilled the duty assigned to you by the party and people.

Dear Comrades: The seventh party congress will review the implementation of the sixth party congress resolution, point out what has been done and what has not been achieved as well as newly arising problems and those experiences obtained from various major aspects of social life. It will also point out those major tasks and orientations for our entire party and people for the next five years as part of our efforts to continue to achieve comprehensive renovation, trying to bring the renovation undertaking into intensive play.

For us, the five years of 1991-95 will be a period full of difficulties and ordeals. But we will also have the advantages and new opportunities with which we can step up our cause of building and defending the socialist fatherland.

You, Comrades, have studied the characteristics of the situation and have reached an identity of views over a number of matters concerning the consolidation of our national defense and over various possibilities and contingencies. We should firmly grasp and resolutely implement all national defense tasks in the next five years.

One of the specific characteristics of the situation in the next five years is that we will no longer enjoy international subsidies. The economic relations between our country and other socialist states have undergone substantial changes. Trade transactions between our country and these states have shifted to the use of hard currency and international market prices. Meanwhile, the prices of oil and of many other goods in the world have tended to soar. Eventful changes in the Soviet Union, East Europe, and the Gulf have upset our export-import market.

Now, more than ever before, we should develop to the fullest our sense of independence, sovereignty, and self-reliance and should exert effort to improve the integrated quality of the Armed Forces and the strength of the all-people national defense to firmly defend the socialist fatherland. Based on ensuring combat readiness, we should actively muster part of the Armed Forces to participate in economic construction with high efficiency and gradually develop the system of national defense industries.

We should continue to consolidate our special friendly and cooperative relations with Laos and Cambodia in the new situation. We should never cease caring for and consolidating the all-people national defense and should pay attention to instilling a sense of national defense among the party and government cadres of various echelons and sectors.

Localities and sectors should draw on the experiences from their previous military drills and should involve themselves deeper in working out programs and requirements for various provincial and city defense areas in a practical and effective fashion.

Building the militia, self-defense, and military reserve forces should be a constant concern of all echelons and sectors and we should never neglect or belittle this task.

We should concentrate on improving the general quality and the fighting strength of the Armed Forces.

In the present complicated situation at home and abroad, we must take good care of the political and ideological work and at the same time secure enough defense equipment and weapons for long-term use. Providing training for and fostering the contingent of party cadres in the Armed Forces and introducing appropriate policies are a matter of strategic significance.

One of the tough problems now arising is our defense budget. The party Central Committee, the National Assembly, the Council of State, and the Council of Ministers have been very concerned about this and have on several occasions looked into this problem. We should rely on the state-allocated budget while developing the Army's spirit of self reliance by actively generating various sources of income and practicing thrift in all respects and satisfactorily performing the duty of engaging in economic construction.

Dear Comrades: After passing through various stages of our revolution, our Armed Forces have always deserved being a heroic and very reliable army of our party and people.

At present, we encounter many difficulties and complexities but we also have numerous capabilities and advantages. Under any circumstances, our people and Armed Forces will continue to unflinchingly march forward on the socialist path chosen by the party, Uncle Ho, and our people. Whether the sky and the sea are calm or stormy, our Army will live up to Uncle Ho's teaching: Accomplish any task assigned, overcome any difficulties, and defeat any enemies.

On the occasion of the 1991 new year, I would like to cordially wish you, Comrades, good health, progress, and new achievements so as to welcome the seventh party congress and fulfill your glorious duties for the five-year 1991-95 period.

Daily Points Out Trends in International Scene

BK3112101390 Hanoi Domestic Service in Vietnamese 1430 GMT 30 Dec 90

[NHAN DAN 30 December article by Le Ba Thuyen: "Some Traits in Today's International Situation"]

[Text] Some people have likened our planet to a ship in a stormy ocean. The year 1990 has witnessed widespread changes that have had a profound impact on all countries and nations, opening a new era of international relations. Amidst a host of complex events that took place last year, an important trend has emerged and will become increasingly clear in 1991 and subsequent years.

In general, the trend toward detente was further reinforced last year. A number of disarmament treaties were concluded and have been implemented. With the Soviet-U.S. and Sino-Soviet summits, a setting for detente has formed for the three big countries. In many regions, many conflicts have been settled through political solutions.

However, the Persian Gulf crisis, the year's most critical issue, has revealed two aspects of war and peace. As the world steps into a new period of detente, the conflict in this strategic region exploited by Washington and other imperialist forces, has caused flare-ups that may precipitate a new oil crisis and unsettle the whole world. If this conflict is not promptly settled through peaceful negotiations and is allowed to escalate into war, it will lead to serious and unpredictable consequences.

The fact that the U.S. continues to develop the SDI [Strategic Defense Initiative] stars war program, modernize its three strategic and other conventional weapons, and implement a strategic superiority plan; and the fact that it sent troops to invade Panama and has carried out sabotage and subversion in some countries, can only worry peace- and justice-loving forces.

The struggle by nations to create international peace and stability to benefit their construction efforts has to be continued. Events last year showed more clearly that the technological revolution of the 1970's is racing ahead, quickening the development of production forces and profoundly changing global production.

The economic race is being fiercely fought on a global scale. New technology and world economic developments offer nations great new opportunities and challenges. Countries slow in realizing this have remained sluggish and conservative, will encounter great difficulties, and risk slipping into catastrophe.

This race is being hotly contested by the three capitalist centers—the U.S., Japan and Western Europe. Suffering from the adverse consequences of an extremely expensive arms race and Reaganomics, the U.S. continues to be bogged down by chronic diseases. In the last months of the year, the U.S., United Kingdom, Canada and other capitalist countries have fallen into a new economic recession. Meanwhile, Japan and Western Europe have surpassed the U.S. in some important aspects of this race.

The U.S. and some Western countries have fallen into a structural crisis since early 1980 and continue to encounter difficulties. They might not emerge from this crisis until the year 2000. Last year Europe experienced some important changes. The crisis continues at different degrees in Eastern Europe. The Soviet Union has serious political, ethnic and economic problems. A new Union Treaty is being formulated, but the erroneous tendency continues in many republics.

In Europe, the GDR has been unified with the FRG, and with 80 million people, the country is likely to become an economic and military superpower. Last year, the major changes on this important continent created new situations of struggle, cooperation and peaceful coexistence among countries with different regimes.

NATO, however, has affirmed its existence for a extended period and is implementing its deterrence strategy with nuclear and conventional weapons. The Warsaw Treaty Organization, meanwhile, is about to be disbanded militarily. This reveals that peace and stability in Europe still are not guaranteed.

The harmful oil crisis—the second effect of the Persian Gulf crisis—has caused enormous difficulties to developing countries without oil resources. Many countries have to spend millions or even billions of U.S. dollars to import oil at soaring prices. The economy of many countries risk collapse. The foreign debt of developing countries have increased to a record US$ 1,400 billion. After the 1980's decade of losses developing countries are entering the 1990's with even more serious losses.

Many national independent countries have resorted to promoting South-South and regional cooperation to help one another restore and develop the economy. Peace, independence and development continues to improve. Dictatorial regimes that have ruled for decades in Latin America have collapsed. The struggle of the South African and Arab Palestinian peoples have driven the apartheid administration of South Africa and Israel into crisis.

The Asia-Pacific has attracted world attention not only as the most dynamically developing region but also as a place where important changes and the struggle for cooperation and peaceful coexistence are taking place.

In Northeast Asia, relations between the Soviet Union, the U.S. and China, with Japan and the two Koreas are changing significantly. The improvement of reciprocal relations among Moscow, Beijing and Washington have made an impact on regional relations. The establishment of diplomatic relations between the Soviet Union and South Korea, China's exchange of commercial representatives with the latter, Japan's talk of diplomatic relations with the DPRK, talks between the Soviet Union and Japan, and U.S.-DPRK contacts show that relations among regional countries are improving gradually.

Two noteworthy trends have taken place in Southeast Asia in 1990: Dialogue among regional states and other countries to seek a political solution to the Cambodian issue has accelerated. A framework for the political solution to the Cambodian issue has emerged. Yet, there are still important problems that have to be solved specifically, such as the prevention of the genocidal Khmer clique's return and role of the interim administration and the UN in Cambodia.

The other trend is that, faced with pressing demands by regional countries for peace and stability, bilateral dialogue and regional economic cooperation between ASEAN and Vietnam and Laos and Cambodia has been raised to a new level. Indonesian President Suharto's visit to Vietnam was a significant manifestation of this trend. The improvement of relations between our country and Southeast Asian countries is the most important factor in defeating the hostile blockade policy of the past 10 years against Vietnam. The establishment of diplomatic relations between the EEC and our country, China's initial efforts, the United States and many other countries to normalize their relations with Vietnam while seeking a political solution to the Cambodian issue, have opened prospects for improving our relations with other countries.

In a world that changes very quickly, and, on the threshold of 1991, we face new opportunities and new, serious ordeals that must be overcome. We should use all favorable conditions to implement the platform and the socioeconomic strategy which the Seventh Party Congress will approve to steadily advance our country and catch up with the times.

Du Muoi, Nguyen Khanh Meet Chernobyl Victims

BK3012155490 Hanoi VNA in English 1445 GMT 30 Dec 90

[Text] Hanoi VNA Dec 30—Seventy Soviet children, victims of the Chernobyl nuclear accident, arrived here this morning for a vacational and therapeutic stay in Vietnam.

They were met at the airport by among others Nguyen Khanh, vice chairman of the Council of Ministers and president of the Vietnam Committee for the Children.

Soviet Ambassador to Vietnam R.L. Khamidulin was also present. The Soviet children were warmly received here this afternoon by Chairman of the Council of Ministers Do Muoi who wished the young Soviet guests a happy new year and a good vacation in Vietnam.

The Soviet children later enjoyed an art performance given by their Vietnamese friends. They will have their vacation at the sea resort of Bai Chay in Quang Ninh Province northeast of Hanoi.

Joint Venture With Soviets in Rubber Processing

BK2912075390 Hanoi VNA in English 0703 GMT 29 Dec 90

[Text] Hanoi VNA December 29—A Vietnamese-Soviet joint venture in rubber processing named "VISOLATEX" was set up in Ho Chi Minh City in May 1990 between the united rubber enterprises in southern union.

This is the first rubber processing joint venture in Vietnam, in which the Soviet side invests 24 million roubles worth of machines and other necessary equipment and will buy up the products.

VISOLATEX's products include gloves, medical appliances and toys. Orders from the Soviet Union are estimated at 13 million roubles during 1991-95.

In the past ten years, Vietnam supplied the Soviet Union with 116,000 tons of dried rubber latex and expanded the area of her rubber plantations by 120,000 hectares with loans from the latter.

This year, Vietnam's rubber industry processed more than 48,000 tons of rubber latex, fulfilling its yearly plan. Next year, its output is expected at 58,000 tons of dried latex.

Aquaculture Venture With USSR Turns Profit

BK2912153790 Hanoi VNA in English 1453 GMT 29 Dec 90

[Text] Hanoi VNA December 29—A joint venture between the Vietnam Sea Product Company and Primomubrom of the Soviet Union, has made an initial success by achieving a turnover of 16 million U.S. dollars for 1990.

Seaprimfico is the first joint venture in aquaculture between Vietnam and the Soviet Union with an initial legal capital of six million U.S. dollars equally shared by the two sides.

It has signed contracts with other partners in the Soviet Union and South Korea in processing and marketing minthai fish. It has increased the output of processed minthai from 11,000 tons [tonnes] to 20,000 tons, and sent 42 engineers and workers to the Soviet Union to produce frozen foods and build a 1,000 ton cold storage.

After Seaprimfico, other joint ventures with the Soviet Union in fishery have been set up such as Seasafico and Vietroco.

Do Muoi Receives Outgoing Cambodian Ambassador

BK3112084890 Hanoi Domestic Service in Vietnamese 1430 GMT 30 Dec 90

[Text] On 30 December 1990, Council of Ministers Chairman Do Muoi received Tep Hen, ambassador extraordinary and plenipotentiary of the State of Cambodia to our country, who paid a farewell visit to him before ending his tour of duty in Vietnam.

Chairman Do Muoi had a cordial talk with Ambassador Tep Hen.

Do Muoi Receives Outgoing Japanese Ambassador

BK2812093090 Hanoi Domestic Service in Vietnamese 1430 GMT 27 Dec 90

[Text] On 26 December, Chairman of the Council of Ministers Do Muoi received Kuniaki Asmura, Japanese ambassador plenipotentiary and extraordinary to Vietnam, who paid a farewell visit to the chairman.

Chairman Do Muoi had a friendly talk with Ambassador Kuniaki Asmura.

Do Muoi Meets With British Ambassador 27 Dec

BK2912082190 Hanoi Domestic Service in Vietnamese 1430 GMT 28 Dec 90

[Text] On 27 December 1990, Council of Ministers Chairman Do Muoi received Peter Keegan Williams, ambassador plenipotentiary and extraordinary of the United Kingdom of Great Britain and Northern Ireland to Vietnam, who paid a courtesy visit.

Council of Ministers Chairman Do Muoi had a friendly talk with Ambassador Williams.

Do Muoi Receives Outgoing Philippine Ambassador

BK2912142090 Hanoi International Service in English 1000 GMT 29 Dec 90

[Text] Cipriano Leron, ambassador of the Philippines, is reported to have paid a farewel visit to [Vietnamese Council of Ministers] Chairman Do Muoi.

Cuban Ambassador Holds National Day Reception

BK3112085090 Hanoi VNA in English 0702 GMT 31 Dec 90

[Text] Hanoi VNA December 31—Cuban Ambassador to Vietnam Armando G. Saucedo Yero has given a reception on the occasion of the 32nd National Day of Cuba (January 1st).

Prominent among the Vietnamese guests were General Vo Nguyen Giap, vice chairman of the Council of Ministers; and Pham The Duyet, vice secretary [as received] of the Communist Party of Vietnam Central Committee.

The Cuban ambassador and Vice Chairman Vo Nguyen Giap raised toasts to Cuba's successes and the traditional friendship between Vietnam and Cuba.

Qantas Makes First Flight to Ho Chi Minh City

BK2512114690 Hanoi International Service in English 1000 GMT 25 Dec 90

[Text] Australian airline Qantas last weekend conducted the first direct flight between Sydney-Melbourne city and Ho Chi Minh City. Among the passengers were Mrs. (Righters), a congresswoman of Australia, and Vietnamese Ambassador to Australia Tran Tuan Anh.

On this occasion, Australian Prime Minister Robert Hawke, and Minister of Arts, Tourism, and Territories David Simmons sent a letter of congratulation saying that the first direct flight between the two countries is the new important development in the relations between Vietnam and Australia.

Commentary Hails Cambodian Achievements in 1990

BK3012133990 Hanoi Domestic Service in Vietnamese 0015 GMT 30 Dec 90

[Commentary by Duong Quang Minh]

[Text] In 1990, the Cambodian people have scored achievements in many fields. First of all, developing the spirit of self-sufficiency and self-reliance, they have successfully coped with the enemy's acts of sabotage and have further enhanced their position and strength. The genocidal clique's land-grabbing and people-herding operations in the western region have all been contained.

The enemy's frenzied attempts to weaken the Cambodian revolutionary state following the complete withdrawal of Vietnamese Army Volunteers from the land of Angkor Wat have been shattered.

Moreover, the enemy's strength has been decimated more and more seriously with each passing day by the joint military actions of the Cambodian revolutionary armed forces and people. Due to constant internal contradictions, many people, including regiment commanders, have deserted and surrendered their weapons to the people. Fully aware of their past wrongdoings, many people have volunteered to join the local revolutionary armed forces to achieve merits in atonement for their crimes.

In 1990, the Cambodian revolutionary administration has been firmly consolidated a step further from the central levels down to the grassroots. The all-people solidarity bloc has also been constantly broadened. Trust in the new regime and new life and public awareness of the need to eliminate the genocidal regime have taken deep root in everyone's hearts and minds. This has been demonstrated by the fact that, compared with previous years, much more progress has been made in agriculture, industry, communications and transportation, culture, social security, order, and other fields.

The State of Cambodia has made positive progress in foreign relations. As a result, many politicians and businessmen from ASEAN, Western Europe, Japan, Australia, and even the United States have paid working visits to survey business opportunities in Cambodia. This is further proof of the steady growth of the State of Cambodia.

Another outstanding achievement by Cambodia in 1990 is the fact that, prompted by an earnest aspiration and high sense of responsibility, the State of Cambodia has positively contributed to the formation of Cambodia's Supreme National Council [SNC] at an unofficial meeting of all Cambodian sides in Jakarta in mid-September. Thus, the joint communique on the establishment of Cambodia's SNC signed in early June in Tokyo between Chairman Hun Sen, representing the State of Cambodia, and Prince Sihanouk, representing the Democratic Cambodian Government, has been implemented, turning the SNC into the sole legitimate organ of power to stand for Cambodia's independence, sovereignty, and integrity during the entire transitional period. The SNC will represent Cambodia in the domain of foreign relations and will take Cambodia's seat at various UN bodies and other international conferences and organizations.

The Cambodian people understand that the search for genuine peace is still rife with numerous difficulties caused by the opposition parties' attempts to impose their will on the Cambodian State and people. Nonetheless, after having suffered from genocide and having made great sacrifices in the struggle to overthrow the genocidal regime, the Cambodian people have devoted much effort to building and defending the new regime and new life, being determined not to accept any imposition on them. The State of Cambodia has more than once reiterated that all solutions to the Cambodian problem must be fair and based on the principle of respect for Cambodia's independence and the UN Charter and must exclude the genocidal regime.

Welcoming Cambodia's achievements in 1990, we wish the solidarity between the peoples of Cambodia, Laos, and Vietnam constant consolidation and development. This solidarity is a priceless asset because it has positively contributed to the success of the revolutionary undertaking in each country. This has been reaffirmed at a recent meeting between the three countries in Vientiane to mark fraternal Laos' 15th national day.

Rise in Economic Delegation Visits in 1990 Noted

BK3112081690 Hanoi VNA in English 0704 GMT 31 Dec 90

[Text] Hanoi VNA December 31—Three thousand foreign commercial and economic delegations came to Vietnam this year for business transactions, an increase of 27 percent over last year, it is reported by the Vietnam Chamber of Commerce and Industry.

Those from Japan, Thailand, Australia, Indonesia, France, Germany, India, Britain, Italy, Switzerland, Holland, South Korea, and the United States and other countries were acquainted themselves with Vietnam's economic situation and policies and orientation, possibilities for economic and commercial cooperation with Vietnamese partners. [sentence as received]

Also this year the Chamber of Commerce and Industry cooperated with a number of foreign firms in organizing exhibitions on machines and goods, and scientific and technical seminars in Hanoi, Ho Chi Minh City and provinces.

Seminar Held on Media Program for Khmer People

BK2812135990 Hanoi Domestic Service in Vietnamese 1100 GMT 28 Dec 90

[Text] On 27 and 28 December in Soc Trang town, the permanent representative office of the Voice of Vietnam, together with the Voice of Hau Giang and the Can Tho Television Station, held a seminar on radio and television programming for the Khmer people in Nam Bo.

Station representatives from ethnic minoritity sections in the provinces of Hau Giang, Cuu Long, An Giang, Kien Giang, and the Soc Trang radio station, listeners who often follow these stations' programs, and people from the local radio and television stations attended the seminar.

Comrade Mai Phuoc Long, deputy editor in chief of the Voice of Vietnam and Comrade Nguyen Phim Anh, a Hau Giang Province permanent party member, cochaired the seminar.

More than 20 representatives' addresses highly valued the influence and effect of the radio and television's programs for the Khmer people in Nam Bo of the Voice of Vietnam and of the local stations in the Mekong River Delta, including programs of the Can Tho television station.

The representatives also pointed out the weak points of those programs: the attractiveness of the news is low; there is a need for quicker, more timely news reportage; there is not enough cultural, literature, and art programming; and the literature and art mass movement of the Nam Bo Khmer people needs to be encouraged further.

Many representatives suggested that government and local organizations need to pay more attention to the arrangement of the network's "Listeners of the Station" so the Nam Bo Khmer people can listen to the programs specially broadcast for them.

Australia

Government To Compensate Jordan for Gulf Crisis

BK3012065090 Hong Kong AFP in English 0333 GMT 30 Dec 90

[Text] Canberra, Dec 30 (AFP)—Canberra is to provide 250,000 Australian dollars (191,000 U.S.) towards an international effort to compensate Jordan for costs incurred during the Gulf crisis, the government said Sunday.

The grant brings Australia's total emergency assistance for repatriation, care and maintenance of third country nationals affected by the Gulf crisis to 2.5 million dollars (1.91 million U.S.).

Announcing the decision, acting Foreign Minister Neal Blewett said the Jordanian Government had incurred substantial expenses dealing with the massive influx of people from Iraq and Kuwait.

The funds will be channelled through the office of the United Nations disaster relief coordinator, which has appealed to the international community for financial assistance for Jordan.

Mr. Blewett also announced plans to provide seven million dollars (5.3 million U.S.) in emergency aid for displaced people in Mozambique and Mozambican refugees in Malawi.

More on Lithuanian Prime Minister's Visit

BK2812132490 Hong Kong AFP in English 0956 GMT 28 Dec 90

[Text] Sydney, Dec 28 (AFP)—Visiting Lithuanian Prime Minister Kazimiera Prunskiene said Friday the Soviet republic would open trade centres and an information office in Australia, in possibly the first step towards diplomatic relations with Canberra.

Ms. Prunskiene told a news conference that formal approval had been given by Australian Prime Minister Bob Hawke during talks.

She hoped Australia would set up similar centres in Lithuania, but this could be tricky given Canberra's firm support for Soviet President Mikhail Gorbachev.

Mr. Hawke had not given any indication his government would recognise Lithuania, which is battling to gain independence from the Soviet Union, she said.

But she said she hoped such recognition would be granted sooner or later.

The date for opening the trade centres in Sydney and Melbourne and the information office in Canberra has not been decided, she said.

Ms. Prunskiene, who also met with Federal Primary Industries Minister John Kerin, said Lithuania and Australia would exchange delegations to explore opportunities in trade and investment, especially wool processing in the Baltic republic.

Papua New Guinea

Bougainville Army Claims To Hold 20 POWs

BK3112071090 Hong Kong AFP in English 0604 GMT 31 Dec 90

[Text] Muisuru, Bougainville, Dec 31 (AFP)—The secessionist Bougainville Revolutionary Army (BRA) said Monday it was holding at least 20 Papua New Guineans prisoners of war.

The BRA's commander, General Sam Kauona, told AUSTRALIAN ASSOCIATED PRESS that the prisoners were mostly alleged military-intelligence agents that Port Moresby used during the 16-month war on the copper-rich island which ended after a tenuous ceasefire took effect in March.

Gen. Kauona said the BRA captured the agents and were keeping them throughout Bougainville.

"I think PNG believes that most of these people have been killed in action, and they were simply listed as missing," he said. "But we are still keeping them as prisoners of war."

General Kauono would not say whether the agents would be released.

More than 80 people died during the conflict which was triggered by landowners seeking compensation from the Australian-run copper mine on Bougainville.

Fighting renewed in September when Port Moresby sent forces to recapture BRA-held Buka Island, just off Bougainville, leading to more deaths on both sides.

Bougainvilleans were isolated from the rest of Papua New Guinea in May after Port Moresby imposed a blockade when the BRA declared independence.